Modern Inductive Book Keeping

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MODERN

INDUCTIVE BOOKKEEPING

WITH

BUSINESS PRACTICE

BY

Office and Tablet Methods

BY

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REGULAR EDITION—THEORY INTRODUCTION

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EDITIONS OF MODERN INDUCTIVE BOOKKEEPING.

Modern Inductive Bookkeeping is a "Learning by Doing" system of Accounting and Business Methods, and the text is published in two general editions, each of which is divided into Parts One and Two.

In the Regular Edition, part One consists of text book drills in elementary and standard accounting forms, and a business practice set arranged for either office or tablet method.

In the Actual Business Edition, Part One introduces business practice at the start, arranged for either the office or tablet method.

Part Two of Modern Inductive Bookkeeping is the same in the two editions. It contains two strong sets of business practice, arranged for different results for each student in a class of ten. The transactions are prepared with a view to either the Office Method, in which the student will deal with firms in an Office Training Department, or the Tablet Method, in which all business papers will be received through a tablet.

Parts Bound Separately.

Part One of the Regular Edition, when bound in separate volume, is called **Modern Inductive BookKeeping—Part One.**

Part One of the Actual Business Edition, when bound in separate volume, is called **New Practical Accounting.**

Part Two of either edition, when bound alone, is called **Modern Inductive Book-keeping—Part Two.**

PART ONE

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The Elements of Bookkeeping.

Business consists of those undertakings of buying and selling and of industrial production in which persons engage for purposes of gain.

Bookkeeping or Account-keeping includes the methods by which business men keep complete and systematic records of their various business transactions.

A business transaction is the result of a mutual agreement between the parties. When such a transaction has been agreed upon and carried out, each of the parties should prepare a plain and accurate record of the facts, the form of such record varying with the nature of the transaction and the method of bookkeeping employed. These first records of business transactions are known in bookkeeping as ORIGINAL ENTRIES.

Accounts.—After the original entries have been made, the results are transferred to a book called the Ledger, and assembled in separate groups called ACCOUNTS.

Thus, all the transactions involving the payment of money would be assembled in one group called the "Cash Account;" those relating to the purchase or sale of goods, to the "Merchandise Account," and those relating to the expenses in conducting the business, to the "Expense Account," etc.

The first step in bookkeeping is to understand the nature and form of accounts.

The accompanying form represents a Cash Account, and the student is urged to study very carefully the explanations relating to it.

Form of An Account.

Cash

Month	Day	Explanation	Folio	Dollars	Cts.	Month	Day	Explanation	Folio	Dollars	Cts.
190-						190-					
Jan.	6		3	1572		Jan.	8		6	64	25
	7		5	16	75		10		9	15	
Feb.	12		19	25		Feb.	4		15	47	20
	16		21	162	50						

Explanation of the Above Account.

1. Observe that the account is divided by the three line ruling into two equal parts. The part to the left of the dividing line is called the *debit side* of the account; the part to the right is called the *credit side*.

2. The use of the several ruled columns is indicated by the headings. Notice that the debit and credit sides of the account have the same kind of rulings, also that the money columns have a line for separating the dollars from the cents. If the amount contains no cents, as in the first and third items on the debit side, ciphers are not written in the cents column, but the space is left blank.

Observe that the rulings to the left of the dollar columns consist of *double lines.* In bookkeeping these double lines mean "dollars" and may be considered to represent the double lines drawn through the dollar sign ($).

Note that the year is entered in small figures in the date columns, just below the ruled head line. This should always be done on both sides of every Ledger account.

When an item is entered in an account on the same date as the previous item, no entry is made in the date columns.

The use of the Explanation and Folio columns will be explained in a subsequent lesson.

3. When an item is entered on the debit, or left hand side of an account, the account is said to be "debited;" to "credit" an account is to make an entry on the right hand or credit side; thus, in the above account there are four debits and three credits.

General Principle.

The general or underlying principle of Double Entry Bookkeeping is that of the *equality* of *debits and credits,* and may be stated as follows:

Whenever an *account* (or *accounts*) is *debited, some other account* (or *accounts*) is *credited for* an *equal amount.*

Classes of Accounts.

In order to conduct a business successfully, the books should be so kept that the proprietor can at any time obtain accurate information as to his resources, liabilities, gains, and losses. It is from the several ledger accounts that this information is mainly derived.

By **Resources** we mean everything of value belonging to the business; as money, merchandise, or other property, and amounts owed by others to the proprietor.

By **Liabilities** is meant the debts which the proprietor owes to others.

By **Gains** is meant any sources of income for which there is no corresponding out-go, as profits obtained by selling goods for more than their cost, interest received on notes or other debts owed to the proprietor, discounts or rebates allowed to him by others, rents paid to him for the use of his property by others, etc.

The **Losses** of a business include the ordinary running expenses, as rent, salaries, taxes, etc., usually kept under an Expense account, also discounts allowed to others, and interest on the proprietor's liabilities, as well as the loss sustained by selling goods for less than their cost.

It may require hundreds of accounts to make a complete showing of results pertaining to a business, but they may be grouped into two general classes:—

1. Accounts showing Resources or Liabilities.
2. Accounts showing Losses or Gains.

Rules for Debiting and Crediting.

RULE 1. *The Cash Account is debited whenever Cash is received; and credited whenever Cash is paid out.*

NOTE. The term "Cash" in business includes checks, bank drafts, postal and express money orders, or any other form of commercial paper convertible into money on demand.

Thus, in the Cash Account on page 5, the four debit items represent sums of money that were at different times received into the business, while the three credit items represent sums paid out.

RULE 2. *Property Accounts are debited whenever any property represented by the account is received, or whenever it costs the business value; and credited when the property is parted with, or when it yields the business value.*

The foregoing rules are often briefly stated, as follows:

Debit what is received or costs value. Credit what is parted with or yields value.

The rules for debiting and crediting cash and property accounts are here illustrated by transactions, requiring an account with a piece of real estate property entitled "No. 16 Elm St," and one with "Cash."

Let the student read each transaction and the accompanying explanation, and find the two entries required for each.

Transactions.

July 1. Bought "No. 16 Elm St." for cash, $2500.

Here we debit "No. 16 Elm St." because this property has cost us value, and credit "Cash" because we have parted with cash. Find each entry.

July 8. Paid cash for taxes on the property, $21.40.

Here we again debit "No. 16 Elm St." and credit "Cash," for reasons given under preceding transaction.

August 1. Received cash for rent of property for July, $20.

Here we debit "Cash" because we have received cash, and credit "No. 16 Elm St." because the property has yielded us value.

August 15. Paid cash for repairs on property, $13.70.

Same entries as in first two transactions, and for same reasons.

Sept. 1. Received cash for August rent, $20.

Same as Aug. 1.

Sept. 5. Paid cash for insuring house, $5.25.

Similar entries to those made July 8.

Sept. 20. Sold property for cash, $2750.

Debit "Cash" because cash is received, and credit "No. 16 Elm St." because the property has yielded us value.

No. 16 Elm Street

190-			190-		
July	1	2500	Aug.	1	20
	8	21 40	Sept.	1	20
Aug.	15	13 70		20	2750
Sept.	5	5 25			

Cash

190-			190-		
Aug.	1	20	July	1	2500
Sept.	1	20		8	21 40
	20	2750	Aug.	15	13 70
			Sept.	5	5 25

The following exercise requires accounts with "Merchandise" and with "Cash." The student will prepare rulings for these accounts, using a sheet of blank paper and following the forms for Ledger accounts already given. Allow at least ten lines for recording the entries in each account. When the accounts are properly ruled, write titles "Merchandise" and "Cash" on the headlines, and make the necessary entries for the transactions, as required by Rules 1 and 2. Write the debit entry first, then the credit.

NOTE. In the United States Civil Service Examinations in Bookkeeping, applicants are required to rule the forms of the several books.

Students should learn to do this with neatness.

Exercise 1.

Mar. 1. Bought for cash 200 brls. Flour @ $4.75.

NOTE. The sign "@" indicates "each" or "apiece."

Mar. 2. Paid cash for freight on same, $21.50.
" 4. Sold for cash 75 brls. Flour @ $5.50.
" 5. Bought 1000 lbs. Corn Meal @ 1½ cts. for cash.
" 5. Sold for cash 50 brls. Flour @ $5.60.
" 7. Paid cash for freight on Corn Meal, $4.25.
" 9. Received cash for 20 sacks Corn Meal @ 35 cts.
" 12. Bought for cash 100 bu. Potatoes @ 45 cts.
" 13. Sold for cash 25 brls. Flour @ $5.20.
" 13. Paid cash for freight on Potatoes, $7.10.
" 14. Bought for cash 150 brls. Flour @ $4.50.
" 15. Sold for cash 35 bu. Potatoes @ 65 cts.
" 15. Received cash for 40 sacks Corn Meal @ 35 cts.
" 17. Paid freight bill on Flour in cash, $15.25.

Exercise 2.

Accounts with "No. 25 Rose Street" and with Cash. Be prepared to give reasons for each entry. Prepare rulings as in previous Exercise.

Jan. 1. Bought property at 25 Rose Street for cash, $1850.
" 15. Paid cash for taxes, $12.95.
Feb. 1. Received cash for rent for January, $15.
" 7. Insured property for $750, paying premium on policy $22.50.
" 21. Paid cash for repairs on house, $11.50.
Mar. 1. Received cash for rent for Februrary, $15.
" 5. Paid water tax for Jan. and Feb., $2.25.
Apr. 1. Received cash for March rent, $15.
" 9. Paid cash for repairing sidewalk, $9.25.
" 15. Paid cash for repairing water pipes, $4.50.
May 1. Received cash for April rent, $15.
" 4. Paid cash for repairing roof, $2.60.
" 19. Sold the Rose Street property for cash, $2000.

Personal Accounts.

Rule 3. *Persons, firms, or corporations, are debited for what they owe us, for what they buy of us on account (that is "on credit"), and for what we pay them on account. They are credited for what we owe them, for what we buy of them on account, and for what they pay us on account.*

The foregoing rules are illustrated by the three accounts accompanying the following transactions.

The student should find both entries for each transaction, and note the application of Rules 1, 2, and 3.

Transactions.

May 1. Sold to C. R. Jones merchandise on account, $125.
" 2. Bought of C. R. Jones merchandise on account, $75.
" 3. Bought merchandise for cash, $50.
" 5. Received of C. R. Jones cash on account, $15.
" 6. Sold merchandise for cash, $60.
" 7. Bought merchandise of C. R. Jones on account, $100.
" 15. Paid C. R. Jones cash on account, $20.
" 17. Sold C. R. Jones merchandise on account, $95
" 18. Paid cash for merchandise, $71.

May 20. C. R. Jones has paid us cash on account, $45.
" 23. Sold merchandise for cash, $115.

C. R. Jones

190-			190-		
May	1	125	May	2	75
	15	20		5	15
	17	95		7	100
				20	45

Merchandise

190-			190-		
May	2	75	May	1	125
	3	50		6	60
	7	100		17	95
	18	71		23	115

Cash

190-			190-		
May	5	15	May	3	50
	6	60		15	20
	20	45		18	71
	23	115			

Exercise 3.

The transactions in the following exercises require entries in four accounts: Merchandise, Harvey Bros., Cash, and L. T. Spencer. Prepare these accounts allowing at least eight lines for Mdse., six for Cash, and four each for Harvey Bros. and L. T. Spencer. Make the entries required, applying Rules 1, 2 and 3.

Transactions.

Jan. 5. Bought of Harvey Bros. Mdse. on account, per bill rendered, $128.75.
" 6. Sold Mdse. to A. C. Stone for cash, $61.25.
" 7. Bought Mdse. of Cook & Co. for cash, $142.50.
" 9. Sold to L. T. Spencer on account 6 brls. Flour @ $5.50
" 10. Paid Harvey Bros. cash on account, $75.
" 12. Bought Mdse. of L. T. Spencer on account, $31.75.
" 13. Sold to Harvey Bros. on account 120 bu. Potatoes @ 30 cts.
" 14. Sold to L. T. Spencer on account 28 cases Eggs @ $2.50.
" 16. Bought of Day Bros. for cash Mdse. amounting to $52.70.
" 17. Received of L. T. Spencer cash on account, $25.
" 20. Bought of Harvey Bros. on account, 50 brls. Flour @ $4.25.
" 21. Paid cash for freight on Flour, $17.25.
Feb. 2. Sold to A. T. Chase for cash, 15 brls. Flour @ $4.75.
" 4. Paid Harvey Bros. cash on account, $50.
" 7. Received cash of L. T. Spencer on account, $20.

Loss and Gain Accounts.

Rule 4. *Loss and Gain Accounts are debited for losses and credited for gains.*

The following transactions are to illustrate the application of Rule 4, to the Expense and Interest Accounts. Study the entries in these and in the accompanying Cash Account.

Transactions.

June 1. Paid cash for rent to July 1, $40.

Here we debit Expense because the business has suffered a loss that should be entered on that account, and we credit Cash because we have parted with cash.

June 2. Henry Moore has paid us cash for interest due us on his note, $12.75.

Here we debit Cash because we have received cash, and credit Interest because we have gained the sum received for interest.

June 4. Paid C. W. Parker cash for interest due on our note in his favor, $9 50.

Here we debit Interest because we have lost the sum paid for interest, and credit Cash because we have parted with cash.

June 5. Paid cash for telephone rent, $2.50.

See Transaction for June 1.

June 7. Received cash from George Hays for interest due us on his note, $16.20.

See Transaction for June 2.

June 8. We have paid cash to C. H. Miller for interest due on our note in his favor, $11.40.

See Transaction for June 4.

Expense

190–				190–			
June	1	40					
	5	2 50					

Cash

190–				190–			
June	2	12 75		June	1	40	
	7	16 20			4	9 50	
					5	2 50	
					8	11 40	

Interest

190–				190–			
June	4	9 50		June	2	12 75	
	8	11 40			7	16 20	

Exercise 4.

In the following exercise accounts are required with Cash, Interest, and Expense.

Prepare these accounts, allowing at least 8 lines for Cash, 4 lines for Interest, and 5 for Expense. Make the required entries, applying Rules 1 and 4.

Transactions.

May 2. Received of L. Martin cash for interest on his note of Jan. 2, $21.50.

" 3. Paid cash for insurance on goods, $11.50.

" 5. Paid C. Martin cash for interest on my note of Dec. 6, $9.50.

" 6. Paid salary of clerk to date in cash, $31.50.

" 9. S. Webster has handed us his check in payment of interest on his note of July 5, last year, $17.25.

May 12. Paid Geo. Henderson cash for interest to date on my note of Oct. 14, last year, in his favor, $14.20.

May 13. Gave cash in payment of store gas bill to May 1st, $6.28.

May 16. Henry Bell has handed me cash for interest on his over due account, $7.25.

Paid cash for "Daily Journal's" advertising bill to date, $19.50.

Remitted to Davis & Co., Chicago, check for interest charge on my account over due, $2.15.

General Review.

1. What is the purpose of bookkeeping?
2. What is an original entry?
3. Describe an account.
4. In what books are the accounts of a business kept?
5. State the general principle underlying double entry bookkeeping?
6. What is meant by the Resources of a business? The Liabilities?
7. Define Gains and Losses.
8. Name the two general classes into which accounts are divided.
9. Name the class to which each of the following accounts belongs: "Cash," "Interest," "No. 14 Main Street," "George Brown," "Expense," "The Acme Glass Company," "Merchandise," "Discount," "Hall & Davis."
10. When should a property account be debited? When credited?
11. When we sell merchandise for cash what account is debited? Why? What account is credited? Why?
12. What account is debited, and what one is credited when we buy merchandise for cash? Why?
13. If we have an account with real estate property at No. 29 Park Avenue, and pay cash for repairs, what account is debited, and what one is credited? Why?
14. If we pay cash for freight on an invoice of merchandise, what account is debited, and what one credited? Why?
15. If our tenant at No. 29 Maple Street pays us cash for rent, what account is debited, and what one is credited? Why?
16. When should a personal account be debited? When credited?
17. When we sell a bill of groceries to Henry Wayne, on account, what account is debited? Why? What account is credited? Why?
18. State the debit and credit required for each of the following transactions, and the reason for each:

(a). Received of S. Jones cash on account.

(b). Bought of Miller & Davis merchandise on account.

(c). Paid C. H. Hill cash on account.

(d). Sold the Hammond Lumber Co. merchandise on account.

19. What is meant by Loss and Gain accounts?
20. When are Loss and Gain accounts debited? When credited?
21. State the debit and credit required for each of the following transactions, and give reasons for each:

(a). Paid telephone rent in cash.

(b). Received of C. W. Miller, cash for interest on his note.
(c). Paid cash for store rent.
(d). Paid cash to Walker & Son for interest due on our note in their favor.

Exercise 5.

Prepare the necessary accounts and make the required entries for the following transactions. Be careful not to omit any transaction or entry. In all cases *make the debit entries first*, and be able to state the *reason for* every entry made. Ruled Account Sheets for this and subsequent exercises will be found in the student's stationery equipment.

Transactions.

Aug. 1. Sold to Walter Smith on account 25 bu. Potatoes @ 60 cents.
" 2. Paid cash to Day & Co. for 15 brls. Flour @ $4.50.
" 3. Paid cash for store rent for July, $50.
" 4. Received of Walter Smith cash on account, $10.
" 5. Bought of Martin & Lane on account 20 brls. Salt @ $1.25.
" 6. Walter Smith has sold us on account 50 lbs. Butter @ 18 cents.
" 8. Sold to S. Wilson for cash 5 brls. Salt @ $1.50.
" 9. David Harper has handed us cash for interest on his note, $6.75.
" 10. Paid cash for clerk hire, $25.
" 11. Paid Martin & Lane cash on account, $15.
" 13. We have paid cash for interest on our note favor of Thomas Wright, $11.25.
" 15. Bought of Wells Brothers for cash 12 brls. Pork @ $13.50.
" 17. Sold to Walter Smith on account 3 brls. Salt @ $1.60.
" 18. We have bought of A. H. Day 25 lbs. Butter @ 15 cts., to be applied in payment of interest due on his note in our favor.
Aug. 20. Paid cash to the C. & E. Railway for freight bills on merchandise to date, $41.60.
Aug. 21. Bought of Union Commercial Co. on account 40 boxes Oranges @ $1.75.

Opening the Books.

The instructions and exercises thus far given have been intended to make the student familiar with the rules of debit and credit as applied to current business transactions. We are now to consider the accounts required, and the debits and credits that are to be entered at the beginning of the business, and before any transactions have occurred.

Capital. This is the general term including all the resources of the business, as cash, merchandise, notes, or other property.

Net Capital or Present Worth. By this term is meant the difference between the sum of the resources and the sum of the liabilities. Thus, if at the beginning of a business the proprietor has cash to the amount of $1000 and a stock of merchandise valued at $2,500 and owes debts amounting to $800, his Net Capital or Present Worth would be $1000+$2500 (=$3500)—$800=$2700.

Accounts Required on Opening the Books.

On beginning the business, accounts must be opened representing the several classes of property on hand, or amounts due the proprietor, and accounts must be opened representing what the proprietor owes. An account is also opened with the proprietor himself, or in case of a partnership, with the several proprietors.

RULE 5. *On beginning the business, debit each resource account with the amount of the resource on hand; credit each liability account with the amount of the liability, and credit the proprietor with the amount of the net capital or present worth.*

NOTE—In case there are no liabilities, the proprietor is, of course, credited with the amount of the resources.

Carefully study the application of the foregoing rule to the following opening statement and accompanying entries.

Opening Statement for Grocery Business.

On June 1, 190—, F. L. LaGrange, opens a grocery business with the following list of resources and liabilities:

Resources.

Cash on hand	$1500
Merchandise per inventory of stock on hand	3750
Real Estate, store building and lot	2000
C. H. Jones, owes on account	65

Liabilities.

Due S. P. Davis & Sons on account	$ 275
Due R. H. Miller on account	150

By the foregoing statement the following accounts and entries are required:—

Cash

190- June	1		1500				

Merchandise

190- June	1		3750				

Real Estate

190- June	1		2000				

C. H. Jones

190- June	1		65				

S. P. Davis & Sons

				190- June	1		275

R. H. Miller

				190- June	1		150

F. L. LaGrange, Proprietor

				190- June	1		1590

Exercise 6.

Open the necessary accounts and make required entries for the following:

Opening Statement for Hardware Business.

May 10, 190—. On this date Henry Maynard begins a hardware business with resources and liabilities as follows:

Resources. Cash, $1250; Stock of goods in store as per inventory, $3,562.50; Real Estate, store building and lot, $1875. The following persons owe the proprietor on account: C. W. Hill, $45.90; S. P. Cress, $71.15.

Liabilities. The proprietor owes the following persons on account: S. W. Snow & Co., $162.90; The Chicago Hardware Co., $241.50.

Exercise 7.

Opening Statement for Coal Business.

Oct. 15, 190—. J. A. Webb opens a coal business with the following resources and liabilities:

Resources. Coal on hand, per inventory, $2356.20; Wood in yard, 56 cords @ $3.75; (Open separate accounts with "Coal" and with "Wood"); Cash on hand, $956.25; horses, wagons, harness, etc., valued at $750. (Open an account with "Chattels"). The following persons owe the proprietor on account: R. W. Blue, $45.75; A. N. Peters, $28.90; Charles McKay, $54.25.

Liabilities. The proprietor owes on account, S. P. Johnson, $145.65; The Eureka Coal Company, $751.40.

Exercise 8.

Opening Statement for Real Estate Business.

Jan. 1, 190—. S. T. Hendricks begins the real estate business with resources and liabilities as follows:

Resources. Cash, $9750; Safe and other office furniture, $500. (Open an account with "Office Fixtures"). Real estate property as follows: (Open separate account with each.) No. 245 Water Street, $2500; No. 519, Oak Avenue, $3500. The following persons owe the proprietor on account: A. W. Randall, $275; Chas. R. Brown, $240.

Liabilities. Mr. Hendricks owes the following persons on account: Cooper & Henshaw, $350; George P. Martin, $125; A. C. Stone & Co., $565.

Exercise 9.

In this Exercise, open the account and make entries as required by the Opening Statement, after which make the entries as required by the transactions.

Opening Statement for Feed and Provision Business.

Sept. 1, 190—. A. M. Lawrence begins the Feed and Provision Business with the following resources and liabilities:

Resources. Cash on hand, $475.60; Merchandise in stock per inventory, $1156.25; balance due from A. P. Moore, on account, $42.70. Mr. Lawrence also owns a piece of real estate property at No. 125 Maple Street with which he wishes to keep a separate account, and which is valued at $2000.

Liabilities. The proprietor owes the following persons on account: M. F. Manson, $252.80; The Stanton Grain Co., $721.75.

Transactions.

Sept. 2. Paid cash to S. Jones for rent of storeroom to Oct. 1, $50.
" 3. Sold merchandise for cash, $91.20.
" 5. Paid M. F. Mason cash on account, $75.
" 7. Sold to A. P. Moore on account, 200 lbs. Bacon @ 12 cts.
" 8. Paid cash for taxes on property at No. 125 Maple St., $17.50.

Sept. 9. Sold to M. F. Mason on account, 120 bu. Potatoes @ 45 cts.
" 10. Sold merchandise for cash, $256.20.
" 12. Received cash for rent of property at 125 Maple St., $18.
" 13. Paid the Stanton Grain Co. cash on account, $150.
" 14. Bought of M. F. Mason, on account, 50 bu. Apples @ 75 cts.
" 15. Paid electric lighting bill for store in cash, $4.75.
" 16. Received cash for merchandise sales, $165.90.
" 17. Paid cash for painting house at 125 Maple St., $23.50.
" 19. Sold Stanton Grain Co., on account, 160 bu. Oats @ 40 cts.
" 20. Sold all the remaining merchandise on hand for cash, $650.
" 21. Sold the property at 125 Maple St. for cash, $2100.

Results Shown by the Ledger.

The main object in keeping books is that the proprietor may have an accurate knowledge of the condition and results of his business. It is from the ledger that these facts are chiefly derived. Taking the accounts of Exercise 9 as a means of illustration, the attention of the student is now directed to the more important facts that may be derived from them.

The Cash Account. The debit side of this account shows the cash on hand when the business was begun, and all cash afterwards received. The credit side shows all cash paid out. It is clear, therefore, that the difference between the total of the debits and the total of the credits equals the *amount of cash on hand.*

Balance. The difference between the total debits and the total credits of an account is called the *Balance of the Account.*

If the debit side of an account exceed the credit side, the account is said to show a "debit balance", and if the credit side is the greater, a "credit balance."

The Merchandise Account. As this account has been debited for the value of the merchandise on hand when the business was begun, and for the cost of all merchandise afterwards purchased, the total debits show the entire cost value of all merchandise handled. As the account was credited whenever we sold merchandise, the total credits show the amount of our sales. Since all merchandise has been sold, the balance of the account will show either a gain or a loss, depending on whether the total sales are greater or less than the total cost.

The Expense Account. The total debits of this account show the entire expense of the business and as there are no credits, this amount is the balance of the account and represents a loss.

The Account with No. 125 Maple St. The debit side of this account, like that of Merchandise, shows total cost, and the credit side total receipts. The balance will therefore show either a gain or a loss.

The Personal Accounts. The total of the debits of a personal account represents what the person has received from the proprietor, and the total of the credits, what the proprietor has received from the person. Therefore, if the total of the debits is greater than the total of the credits, the person owes the proprietor, and the balance of the account shows a *resource*; but if the total of the credits is greater than the total of the debits, the proprietor owes the person, and the balance of the account shows a *liability.*

After carefully studying the foregoing instructions relating to the accounts of Exercise 9, prepare and deliver to your teacher written answers to the following Test Questions relating to these accounts. Every answer should be in the form of a complete sentence.

Test Questions.

1. What was the Present Worth of the proprietor, Mr. Lawrence, on beginning business, and how was it ascertained?

2. What is the total amount of cash received, including the amount on hand at the beginning? The total amount of cash paid out? The amount of cash on hand?

3. What is the total cost of merchandise? Does the balance of merchandise show a loss or gain, and what amount?

4. What were the total expenses during the time the business was conducted? How is the amount obtained?

5. Does the balance of the account with No. 125 Maple Street show a loss or gain, and what amount? Why?

6. Does the balance of the account with Stanton Grain Co. show a resource or liability, and what amount? How do you determine whether the amount is a resource or a liability?

7. Name the personal accounts that show resources. What is the total amount of resources shown by them? How is this amount found?

8. Name the personal accounts that show liabilities? State the total amount of liabilities shown, and how the amount is obtained.

The Proof Sheet or Trial Balance.

According to the general principle of Double Entry (See page 6) the sum of all the debits of the Ledger should be equal to the sum of all the credits. When this condition exists, the ledger is said to be "in balance."

To ascertain if the ledger be "in balance", a list of the accounts is prepared, showing the total debits and total credits of each account. Such a list is called a "Proof Sheet", or "Trial Balance". If the Ledger is in balance, the footings of the debit and credit columns of the Trial Balance should be equal. If they are not equal, one or more errors have been made in making the entries in the accounts.

The student will now prepare a Trial Balance of the Ledger for Exercise 9, in accordance with the accompanying form. (The names of the accounts are the same, but the amounts are different.) To prepare this Trial Balance, add the debit and the credit items of the several accounts, taking them in the order in which they are given in the form, and enter the amounts in the Trial Balance opposite the proper account titles. In every account in the Ledger, enter the totals at the foot of the columns in *small, light lead pencil figures*, before transferring them to the Trial Balance.

The method of doing this is here illustrated in the following Cash Account for Exercise 9.

Cash

190–			190–		
Sept.	1	475 60	Sept.	2	50
	3	91 20		5	75
	10	256 20		8	17 50
	12	18		13	150
	16	165 90		15	4 75
	20	650		17	23 50
	21	2100 90			320 75
		3756 90			

Form of Trial Balance for Exercise 9.

Trial Balance, Sept. 21, 190–

A. M. Lawrence, Proprietor		3000
Cash	3756 90	320 75
Mdse.	1872 75	1655 30
A. P. Moore	166 70	
No. 125 Maple Street	2391	2618
M. F. Mason	379	790 30
Stanton Grain Co.	224 50	521 75
Expense	115 25	
	8906 10	8906 10

Original Entries and Journalizing.

Thus far the student's attention has been directed to the various accounts of the Ledger, and the principles of debit and credit that apply to them. This foundation knowledge is the first essential in comprehending the principles and practice of accounting.

We are now ready to consider the method of making *original entries*, or those records that should be made at the time the transaction occurs, and which supply the data for subsequently making the entries in the Ledger accounts.

So important is the original entry in a set of books, that it alone of our records can appear as evidence in a disputed account. If in our settlement with a person with whom we have had dealings our account is disputed, and the case is submitted to a court for decision as to the correct balance, our historical entries only will be accepted as evidence, and they only on certain conditions; namely, that our records in other cases than those under dispute can be proven correct, that the records were written at or near the time of the transaction, and that there are no signs of erasures or alterations in the original entries in question.

To meet these requirements, and to make a set of record books that would inspire confidence as evidence in a case, we would suggest that the student observe the following:

Rules for Making Original Entries.

1. In recording sales on account, the quantity and price of each item should be given, and in recording purchases on account, the quantity and price of each item should be given, unless a bill of the purchase is filed away.

2. Every original entry should be made on the day on which the transaction occurs.

3. In case of an error in the original entry, do not erase or interline, but mark the record "void," and write a new one, explaining that it is a correction. Erasures or corrections may occur in any records except original entries.

4. As bookkeeping affords no method of proving original entries correct, the bookkeeper must train himself to absolute accuracy in recording such entries.

Formerly, it was the custom of bookkeepers to write out a complete history of each transaction at the time it occurred, in a book variously called a "Day Book" or "Blotter."

The Old Time Day Book—Rarely Used in Modern Accounting.

Boston, Jan. 10, 1875.

Sold J. H. Stone, on account			
50 brls Pork @ $8.75			437 50
— 11 —			
Received of J. P. Martin			
Cash on account			75
— 12 —			
Bought of C. W. Price & Co. on account			
100 brls. Salt @ $1.75	175		
50 bu. Potatoes @ .45	22 50		197 50
— 11 —			
Paid Cash for Rent of Store to Feb.			60
— 14 —			
Received of J. H. Stone			
Cash on account			100
— 15 —			
Sold to C. M. Brown for Cash			
200 lbs. Lard @ 9¢	18		
150 lbs. Bacon @ 11¢	16 50		34 50

The Old Time Journal--Rarely Used in Modern Accounting.

Boston, Jan. 10, 1875

	J. H. Stone		437	50	
	To Mdse.				437	50
	11				
	Cash		75		
	To J. P. Martin				75	
	12				
	Mdse		197	50	
	To C. W. Price & Co.				197	50
	11				
	Expense		60		
	To Cash				60	
	14				
	Cash		100		
	To J. H. Stone				100	
	15				
	Cash		34	50	
	To Mdse.				34	50

The Journal--Day Book, or Modern Journal.

Boston, Jan. 10, 190-

	J. H. Stone	Sold him on acct.		437	50	
	Mdse.	50 brls. Pork @ $8.75				437	50
11	Cash	Received on acct.		75		
	J. P. Martin					75	
12	Mdse.	Bought on acct.		197	50	
	C. W. Price & Co.	100 brls. Salt @ 1.75	175-			197	50
		50 bu. Potatoes @ .45	22.50			
	Expense	Paid Store Rent to Feb.		60		
	Cash					60	
14	Cash	Received on acct.		100		
	J. H. Stone					100	
15	Cash	Sold C. M. Brown		34	50	
	Mdse.	200 lbs. Lard @ .09	18-			34	50
		150 " Bacon @ .11	16.50			

After making the Day Book entries, the debit and credit for each transaction, with the titles of the accounts affected were entered in a book called a "Journal." This process was called "journalizing." The various debits and credits were then transferred to their proper accounts in the Ledger, the operation being called "posting."

Modern bookkeepers have for many years abandoned the practice of making separate entries in Day Book and Journal, preferring instead to make one combined entry containing a statement of the transaction with a record of the debits and credits involved. The book containing these records was at first called a "Journal-Day Book" or "Historical Journal," but it is now universally referred to as a "Journal," and the process of making records in it is called "journalizing."

Journalizing. An inspection of the foregoing Modern Journal will show that the journalizing process consists in recording the debits and credits that arise from each transaction, together with such an explanation as will make clear the nature and details of the transaction. Correct journalizing is a fundamental and important matter of bookkeeping, since it is from the Journal that the entries in the Ledger are derived. In order to journalize accurately and readily, it is necessary for the student to keep constantly in mind the Rules of Debit and Credit, also to learn the best forms for writing concise explanations relating to the various transactions.

NOTE. While the Journal is a fundamentally important book and should be thoroughly mastered by the learner, it should be remarked that this book has of late years been superseded in most counting-rooms by various special column books and other devices for making original records with less labor than is involved in keeping a Journal. The more important of these books will be introduced as the student advances in his work.

Let the student carefully study the following twelve transactions and the Journal entry accompanying each, mentally applying the rule governing each debit and credit.

Illustrative Transactions for Journalizing.

1. March 6. Sold to L. C. Tuttle for cash, groceries per bill rendered, amounting to $39.60.

Mar. 6		Cash		Sold to L. C. Tuttle for cash		39	60	
			Mdse.	Mdse. for bill rendered				39 60

2. April 10. Bought of J. M. Bell & Co., on account, 12 tons of coal @ $4.00 for use in store.

Apr. 10		Expense		Bot. on acct. 12 tons Coal		48		
			J. M. Bell & Co.	@ $4 for office use				48

3. May. 9. Sold to H. O. Spence, on account at 30 days, 15 brls. flour @ $5.25 and 5 brls. pork @ $13.

May 9		O. H. Spence		Sold on acct. 30 days		143	75	
			Mdse.	15 brls. Flour @ $5.25 $78.75				
				5 brls. Pork @ $13 — 65				143 75

4. June 15. Paid T. C. Price store rent for June, in cash, $45.

June 15		Expense		Paid T. C. Price cash for		45		
			Cash	store rent for June				45

5. July 7. Paid cash for repairs on property at No. 9 Oak Street, $21.50.

July 7		No. 9 Oak Street		Paid for repairs on house		21	50	
			Cash					21 50

6. Aug. 6. Bought of C. Nelson, on account at 60 days, 1 dray for use in business, $46.50.

Aug. 6		Chattels	Bot. on acct. a dray for		46	50		
		C. Nelson	use in delivering goods				46	50

7. Sept. 14. Received of A. C. Harmon, cash on account, $25.

Sept. 14		Cash	Received on acct.		25			
		A. C. Harmon					25	

8. Oct. 1. Bought of Walker Bros., on account at 30 days, 75 bu. potatoes @ 40c.

Oct. 1		Mdse.	Bot. on acct. 30 days		30			
		Walker Bros.	75 bu. Potatoes @.40				30	

9. Nov. 16. Paid the Union Produce Co. cash on account, $125.

Nov. 16		Union Produce Co.	Paid on acct.		125			
		Cash					125	

10. Dec. 8. Received of C. M. Starr cash for interest due on his note of Jan. 2nd $19.75.

Dec. 8		Cash	Recd. cash of C. M. Starr		19	75		
		Interest	for int. on his note of Jan. 2				19	75

11. Jan. 14. Bought of L. W. Nelson for cash, 65 bu. apples @ 60c.

Jan. 14		Mdse.	Bot. of L. W. Nelson for Cash		39			
		Cash	65 bu. Apples @ .60				39	

12. Feb. 16. Paid F. M. Staley cash for interest due on my note of May 7, $31.40.

Feb. 16		Interest	Paid F. M. Staley Cash for		31	40		
		Cash	int. on my note of May 7				31	40

Having carefully studied the foregoing transactions and model journal entries, the student will now write the necessary journal entries for the following exercise, using for the purpose a sheet of journal paper. Study each transaction very carefully, and the rules of debit and credit that apply to it, before attempting to make the entry. Refer to the model entries when necessary.

Exercise 10.

Transactions for Journalizing.

Jan. 2. Sold A. W. Hill on account at 30 days, 16 boxes Soap @ $3.50.
" 4. Paid cash to T. S. Moore for stationery for store use, $7.50.
Feb. 6. Received of L. Snyder cash on account, $20.
" 6. Bought of Spencer & Sons at 30 days, 20 brls. Corned Beef @ $12.50.

NOTE. Leave date columns blank when transactions occur on same date as preceding transaction.

Mar. 7. Sold to J. P. Miller for cash, 12 brls. Salt @ $1.75.
" 15. Received of R. S. Peters cash for interest on his note of Oct. 6, $14.90.
Apr. 12. Paid Bell & McGuire cash on account, $50.
May 6. Bought of Miles Bros. on account, a bill of wrapping paper and twine for use in store, $23.50.
June 1. Sold to L. S. Thomas for cash, 15 brls. Flour @ $4.75.
July 15. Bought for cash of C. Randall, a set of harness for use in our delivery department, $38.50.
July 20. Bought of Stone & Co. for cash, 75 boxes Oranges @ $2.10.
July 20. Received cash for June rent of property at No. 12 Park Street, $20.
Aug. 4. Paid cash for insuring stock of merchandise, $11.25.
" 19. Sold to A. C. Parker at 30 days, 20 boxes Oranges @ $2.25.
Sept. 9. Sold property at No. 12 Park Street for cash, $2500.

Opening Entries.

On beginning a business, an entry is usually made in the Journal, in which is recorded the name of the proprietor, the kind of business engaged in, the place where the business is to be conducted (town or city, state, street, number, etc.), and the debits and credits required for the accounts with the various resources and liabilities invested. Referring to Rule 5, page 12, let the student carefully study the form and the debits and credits of the following entries.

Model Opening Entries.

Belleville, Ohio, Jan. 1, 190–

	Henry C. Davis has this day engaged in the Feed and Grain Business at No. 19 Cedar Street, with a cash capital, as follows:			
Cash	*Bal. in First Nat. Bank*	*2000*		
H. C. Davis,	*Prop. Investment in business*			*2000*

Stamford, Conn., May 6, 190·

	J. W. Walton has this day opened a Retail Grocery Business at No. 215 Main St. with invested capital as per following entry.			
Cash	*On hand and in bank*	*1562*	*50*	
Mdse	*Per Inventory*	*2942*	*40*	
A. N. Moore	*Bal. of his account*	*75*	*20*	
J. W. Walton,	*Prop. Total Investment*			*4580* *10*

Peoria, Ill. Dec. 5, 190-

		I, Chas. S. Brown, on this date have opened a Wood and Coal Yard at the corner of Park and Water Streets, with an investment of resources and liabilities, as per following entry.					
		Cash	Bal. in Farmer's Bank	524	50		
		Mdse	Invt. of Stock in Yard	1526	90		
		R. Miller	Bal. of his account	62	10		
		S. W. Ayers	Bal. of his account	29	50		
		Ill. Coal Co.	Bal. due them			350	25
		C. S. Brown	Prop. Net Investment			1792	75

NOTE. The word "Proprietor" is made a part of the title of the proprietor's account, for the reason that a second account is often kept with the proprietor (especially in partnerships) for personal debits and credits that do not affect his investment in the business. Thus, the proprietor may be charged for goods bought on account the same as other customers, or he may be credited for salary for services in connection with the business. It may therefore be advisable to keep two accounts with a proprietor, thus, "John Smith, Proprietor," and "John Smith, Personal."

Exercise 11.

Prepare on journal paper and hand to your teacher, opening entries as required by the data given in the following propositions.

NOTE. Absolute uniformity in the phraseology of opening entries is not required; the student may exercise his taste and judgment. Be sure, however, in the case of several resources and liabilities that the entry is "in balance," that is, that the sum of the debits equals that of the credits.

Proposition 1. New Castle, Pa., March 6, 190—. C. W. Jennings, proprietor, Boot and Shoe Business, located at No. 46 Walnut Street. Investment of Cash in bank, $659.60; Stock of goods on hand, $1742.60.

Proposition 2. Retail Grocery Business opened May 6th, 190—, by Frank P. Williams, at No. 126 Main Street, Elgin, Ill. Investment—Cash in City Bank, $1169.15. Inventory of stock on hand, $2956.20. Chattels per inventory, $275.50. Davis & Hall owe the proprietor a balance on account of $126.50.

Proposition 3. Flour and Feed Business opened on Oct. 1, 190—, at No. 96 North Street, Dayton, Ohio, by W. F. Hart. Investment—Cash on hand and in bank, $421.50. Store building and lot (Real Estate) valued at $2500. On hand 40 brls. flour worth $4.50 per brl. and 25 tons baled hay @ $14.50. Horse, dray, and other chattels, $350. Mr. Hart owes Geo. S. Martin on account, $97.40, and Stoner & Wood, $54.90.

Proposition 4. Produce and Grain Business conducted by A. R. Foster, at 254 Noble Street, Red Rock, Wis. Begun March 2, 190—. Investment—Merchandise per inventory, $1641.75. Cash in bank, $1000. The following persons owe the proprietor on account: H. Nelson, $61.40, T. A. Moore, $51.90, J. B. Stone, $25.20. The proprietor owes on account as follows: Baylis & Browne, $122.40, Western Produce Company, $195.20.

Bills Receivable and Bills Payable.

Promissory notes and other written obligations to pay money are not treated as ordinary debts on account, but are kept under two accounts, known respectively as "Bills Receivable" and "Bills Payable." "Bills Receivable" include the written obligations that others owe to the proprietor, and "Bills Payable" include the written obligations that the proprietor owes to others. It follows, therefore, that "Bills Receivable" are *resources*, while "Bills Payable" are *liabilities*.

Notes and other written promises to pay money are known in business generally as "commercial paper. They are usually transferable from one person to another, and frequently draw interest. A more extended discussion of commercial paper will be found in another part of this book.

Rules for Bills Receivable and Bills Payable.

RULE 6. *The Bills Receivable Account is debited for the face value of all promissory notes or other bills receivable at the time they are received, and credited when parted with, or when payments are made on them.*

RULE 7. *The Bills Payable Account is debited whenever the proprietor's written obligations are paid, either wholly or in part, and credited for the face value of his written obligations when they are issued.*

NOTE. By the "face value" is meant the amount that is promised to be paid, or this amount less any payments that have been made.

Study the following entries, then write the Journal entries required by the transactions given in Exercise 12.

190- June	1	Mdse.		Bot. of C. S. Day, on my note at 60 days 20 bbls. Flour @ $5.—	100			
			Bills Pay.				100	
	3	Bills Rec.		Sold J. Brown, Note 30 ds.	75	20		
			Mdse.	Mdse. per bill rendered			75	20
	6	Bills Pay.		Paid S. Jones to apply on my note of Jan. 1	50			
			Cash				50	
	9	Cash		Recd. from A. W. Hall to apply on his note of Apr. 15	75			
			Bills Rec.				75	
	10	Simms & Co		Gave our note at 90 ds	124	25		
			Bills Pay.	in settlement of account			124	25
	12	Bills Rec.		Recd. his note in settlement of his acct. to date	54	60		
			S. Martin				54	60
	15	Bills Pay.		Sold J. Miller Mdse. per bill rendered, to apply on our note of Jan. 15 in his favor.	91	20		
			Mdse.				91	20

When a note is paid in full with accrued interest, the transaction is recorded in a compound Journal entry having three items. Study the following entries, until you can give a reason for each debit and credit.

Aug.	20	Bills Pay.		Paid our note favor of	75			
		Interest		S. Jones with interest	6	15		
			Cash	to date			81	15
	22	Cash		H. Anderson pays	156	90		
			Bills Rec.	his note of Mar. 1, with			150	
			Interest	interest to date			6	90

Exercise 12.

May 2. Sold T. M. Simmons on his note at 30 days, Mdse. per bill rendered, $226.15.

" 3. Paid cash on my note of Jan. 1, favor of L. Smith, $25.

" 4. A. W. Randall has settled his account to date by giving us his note at 60 days, for $91.50.

May 6. Bought of Carter Bros. on our note at 90 days, 1256 lbs. Lard @ 10 cts.

" 7. We have bought of Geo. Harper to be applied as a payment on his note of Feb. 1, 75 bu. Potatoes at 50 cts.

May 10. We have settled our account to date with Stevens and Mason, giving them our thirty day note for $152.65.

May 12. C. A. Parker has handed us his check in payment of his note of Jan. 1, $75, with accrued interest to date, $8.15, (Compound Entry.)

NOTE. In business, checks are considered as cash.

May 15. We have sold to Stone & Co. a bill of Mdse. amounting to $63.40, which is to be applied as a payment on our note of April 6, in their favor.

May 16. We have paid in cash our note of Feb. 12, favor T. Wilson, $125 with accrued interest, $5.27.

May 19. We have purchased of L. Davis enough Potatoes at 40c per bu. to pay his note in our favor for $35.60 with accrued interest, $2.18.

A Model Set of Books.

The student's study and work thus far should make him fairly familiar with the general methods of keeping accounts, the rules of debit and credit and their application in Journal and Ledger entries. As a means of illustrating further the method of recording entries in the Journal, and of transferring or "posting" these to the Ledger, also of closing the latter book and of preparing a statement showing results of the business, the following model set of books is now presented. As this set is to be used as a guide to the student in his subsequent work, it is important for him to understand thoroughly every detail of the work. To accomplish this, the following explanations relating to the Model Set should be read very carefully.

Explanation of the Model Set.

The Journal. The various entries in this book are assumed to have been made at the time the transactions occurred. In most business concerns other books of original entry are kept, as Cash Book, Sales Book, Purchase Book, etc., but in this set all the original entries are made in the Journal.

Posting to the Ledger. Posting is the process of transferring the debits and credits of the original entries to the several Ledger accounts. It may be done daily, or at the end of each week, or at any time that may suit the convenience of the bookkeeper, or the necessities of the business.

All debit items should be posted to the debit side of the accounts affected, and all credit items to the credit side. It is a common error of inexperienced bookkeepers to post items to the wrong side of an account and thus throw the Ledger out of balance. It is also very important in posting to have no discrepancies of figures in the amounts posted. Errors in posting usually cause an inequality in the two sides of the Ledger, which is not discovered until a Trial Balance is prepared. The locating of the error may then occasion much trouble, the bookkeeper being obliged to go over all the postings, item by item.

First Page of Model Journal.

Templeton, Ohio, Jan. 2, 190-

			C. A. Bell has this day commenced business as dealer in Grain and Provisions, with resources and liabilities, as per the following entry—					
		1	Cash	On hand and in City Bank	965	25		
		1	Mdse.	Inventory of Stock	2428	50		
		2	Chattels	Inventory of Store Fixtures &c.	374	90		
		2	Bills Rec.	Notes on hand	256	40		
		2	A. W. Thomas	Balance on acct.	41	20		
		2	Bills Pay.	Notes outstanding			165	80
		2	Blair & Co.	Balance of acct.			125	70
		1	C. A. Bell,	Prop. Net Investment			3774	75
Jan.	2	1	Expense	Paid R. Hall cash	45			
		1	Cash	for rent to Feb. 1			45	
		1	Cash	Sold C. Tait for cash	87	50		
		1	Mdse.	7 bbls. Salt Pork @ $12.50			87	50
	3	3	T. M. Brown	Sold him on acct.	63	75		
		1	Mdse.	15 bbls. QQ Flour @ $4.25			63	75
	4	1	Mdse.	Bot. on acct. 30 days	89	40		
		2	Blair & Co.	745 lbs. Bacon @ 12¢			89	40
		2	Bills Rec.	Sold L. Hill on his note at 60 ds.	105			
		1	Mdse.	20 bbls. Snowflake Flour @ $5.25			105	
	5	2	Bills Pay	Paid C. S. Jones to apply	50			
		1	Cash	on my note of Oct. 1			50	
	7	1	Cash	Recd. of J. Palmer for int.	6	65		
		2	Interest	due on his note of July 2			6	65
		1	Expense	Bot. of him on acct.	25	50		
		3	J. A. Morgan	6 tons Coal for store use			25	50

Second Page of Model Journal.

Jan. 9, 190–

		1	Cash	Recd. from him on acct.	10			
		2	A. W. Thomas				10	
Jan.	10	1	Mdse.	Bot. of Hart & Sons	359	20		
		1	Cash	per invoice of this date			359	20
		2	A. W. Thomas	Sold him on acct.	54			
		1	Mdse.	360 lbs. Ham @ 15¢			54	
	11	1	Cash	Sold Bell & Co. for Cash	475	20		
		1	Mdse.	Mdse. per bill rendered			475	20
	14	2	Bills Pay.	Paid cash for our note	80			
		2	Interest	of Nov. 3 favor C. Mason $80.	1	28		
		1	Cash	with interest to date 1.28			81	28
	15	2	Chattels	Bot. of D. T. Walker for cash	62	50		
		1	Cash	a dray for use in business			62	50
	18	1	Cash	Recd. of L. Porter in payt.	97	60		
		2	Bills Rec	of his note Nov. 19, $96.			96	
		2	Interest	with 60 days int. at 10% 1.60			1	60
	20	2	Blair & Co.	Paid them on acct.	75			
		1	Cash				75	
	23	1	Mdse.	Bot of S. T. Parker on my note	178	95		
		2	Bills Pay.	at 60 ds. per invoice Jan. 22			178	95
	24	1	Mdse.	Bot of him on acct.	14	50		
		2	A. W. Thomas	5 cases Eggs @ $2.90			14	50
	25	1	Expense	Paid Thomas Brown, Clerk,	19	50		
		1	Cash	Salary to date			19	50
		3	Harper & Day	Sold them on acct.	156			
		1	Mdse.	12 brls. Pork @ $13.			156	

Third Page of Model Journal.

Jan. 26, 190–

		1	Cash	Recd. on acct.	40		
		3	T. M. Brown			40	
		2	Bills Pay.	Sold R. Spencer to be applied	47	50	
		1	Mdse.	as a payment on my note of Dec. 1, 10 brls. Flour @ $4.75		47	50
Jan.	27	2	Bills Rec.	Recd. their note at 60 ds. in	156		
		3	Harper & Day	settlement of their acct.		156	
Jan	27	3	T. M. Brown	Sold him on acct. per	42	75	
		3	Mdse.	bill of this date		42	75
	28	3	J. A. Morgan	Sold him on acct. 30 ds.	270		
		3	Mdse.	20 brls. Pork @ $13.50		270	
		2	Blair & Co	Gave my note at 30 days	140	10	
		2	Bills Pay.	to balance their account		140	10
	29	3	A. W. Blake	Sold him on acct.	58	80	
		3	Mdse.	420 lbs. Bacon @ 14 ¢		58	80
		1	Expense	Paid advertising bill	17	65	
		1	Cash	of Daily Times		17	65
		3	Mdse.	Bot. of S. Davis to apply	18		
		2	Bills Rec.	on his note of Nov. 15 40 bu. Potatoes @ 45 ¢		18	
	30	1	Cash	Sold C. H. Snow for Cash	75		
		3	Mdse.	150 bu. Potatoes @ 50 ¢		75	
		3	Mdse.	Bot. of them at 30 days	129	60	
		3	S. Nelson & Co.	per invoice of Jan. 29		129	60
	31	1	Cash	Sold to H. Wells a set of	19	50	
		2	Chattels	Scales, no longer required in the business		19	50

Posting the Debit Items. The first debit item is the cash investment of $965.25, which is posted to the first line in the Cash Account on the first page of the Ledger. Find this entry. As soon as this amount is entered on the Ledger, the page of the Journal (1) is entered in the "Folio" column of the Ledger. (The word "Folio" is an accountant's term meaning "page.")

On returning to the Journal, the page of the Ledger (1) is entered in the Folio column of the Journal and on the same line as the item posted. There are two advantages in entering these folio numbers; first they enable the bookkeeper to readily trace any item in the Ledger to its original entry in the Journal, and vice versa; secondly they supply a "check mark" in the Journal, by which the bookkeeper may know whether or not an item has been posted. Never write the page number in either folio column *until the item has been actually posted.*

The next debit is the merchandise investment, $2428.50. This amount is entered on the debit side of the Mdse. Account, and the Journal page, 1, is entered in the Ledger folio column as before. Returning to the Journal, the Ledger page, 1, is entered in the Journal folio column, opposite the item posted.

Checking the Ledger. Let the student follow the postings of the debit items of th eJournal, using a soft pencil well sharpened and making a light pencil check (✓) to the left of each entry. This process, called "Checking the Ledger," is followed by all bookkeepers who test the accuracy of ledger accounts, by comparing them with the original entries. These check marks can be erased, if desired, after the process has been completed and approved by the teacher.

NOTE. It is customary to give the proprietor's account the first place in the Ledger. In the Model Ledger C. A. Bell, Proprietor, has first place, although this title is the last one given in the opening Journal entry. Expense was placed at bottom of page, merely for convenience in spacing the page. In arranging the ledger accounts we have followed the usual custom of grouping the general accounts together in the first part of the ledger, and the personal accounts afterward.

Posting the Credit Items. The first credit item in the Journal, the amount of outstanding "Bills Payable," $165.80, is posted to the first line on the credit side of Bills Payable Account, on the second page of the Ledger. The Journal page, 1, is entered in the folio column as before, and on returning to the Journal, the Ledger page, 2, is entered in the folio column of the Journal. Let the student trace out the posting of the credit items and check the ledger entries as explained above.

The Explanation Column. The wide column to the right of the date columns, is used for any explanation that may be required in a ledger entry. If entries are posted to the ledger account from more than one book, the name of the book of original entry should be given in the explanation column. If all entries are posted from the journal, the name of the journal need not be given in the explanation column.

Forwarding Accounts. It frequently happens that during the operation of posting, the space allotted to an account on a given page is filled up, and it becomes necessary to continue the account on another page. In this case, the two sides of the account are added, the totals entered at the bottom of the account, and then forwarded to the new page. This operation is shown in the Merchandise Account in the Model Set. Study the method of forwarding the account as here shown.

Ruling up Accounts that are in Balance. Whenever a personal account is settled in full, the account will be in balance, and should be ruled up. Thus, when the account with Blair & Co. was settled by note on Jan 28, the postings of the account were made and the account ruled up, as shown on page 2 of the Ledger. The same was done when Harper & Day's account was settled on Jan. 27.

In case there is but one entry on either side of an account that balances, the double lines can be ruled, indicating the account in balance without repeating the amounts as footings.

Taking a Trial Balance. A Trial Balance of the Ledger is taken whenever it is desired to close the books with a view to finding the results of the business. It is also frequently taken merely as a means of testing the accuracy of the bookkeeper's work, by proving that the Ledger is in balance. On the completion of the posting of the Journal of the Model Set, the Ledger is as shown on pages 29–31.

The student may now prepare a Trial Balance of this Ledger as previously instructed on page 16. In preparing the Trial Balance, omit the accounts that have been closed and ruled up.

When your Trial Balance is prepared, submit it to your teacher for verification.

First Page of Model Ledger.

C. A. Bell, Proprietor.

						190– Jan.	2			3774	75

Cash

190–						190–					
Jan.	2		1	965	25	Jan.	2			45	
	4		1	87	50		5		1	50	
	7		1	6	65		10		2	359	20
	9		2	10			14		2	81	28
	11		2	475	20		15		2	62	50
	18		2	97	60		20		2	75	
	26		3	40			25		2	19	50
	30		3	75			29		3	17	65
	31		3	19	50						

Merchandise.

190–						190–					
Jan.	2		1	2428	50	Jan.	2		1	87	50
	4		1	89	40		3		1	63	75
	10		2	359	20		4		1	105	
	23		2	178	95		10		2	54	
	24		2	14	50		11		2	475	20
							25		2	156	
							26		3	47	50
		Forward page	3	3070	55			Forward page	3	988	95

Expense

190–					
Jan.	2		1	45	
	7		1	25	50
	25		2	19	50
	29		3	17	65

Second Page of Model Ledger,

Chattels

190-						190-					
Jan.	2		1	374	90	Jan.	31		3	19	50
	15		2	62	50						

Bills Receivable

190-						190-					
Jan.	2		1	256	40	Jan.	18		2	96	
	4		1	105			29		3	18	
	27		3	56							

Bills Payable

190-						190-					
Jan.	5		1	50		Jan.	2		1	165	80
	14		2	80			23		2	178	95
	26		3	47	50		28		3	140	10

Interest

190-						190-					
Jan.	14		2	128		Jan.	7		1	6	65
							18		2	1	60

A. W. Thomas

190-						190-					
Jan.	2		1	41	20	Jan.	9		2	10	
	10		2	54			24		2	14	50

Blair & Co.

190-						190-					
Jan.	20		2	75		Jan.	2		1	125	70
	28		3	140	10		4		1	89	40
				215	10					215	10

Third Page of Model Ledger.

T. M. Brown

190-						190-					
Jan.	3		1	63	75	Jan.	26		3	40	
	27		3	42	75						

J. A. Morgan

190-						190-					
Jan.	28		3	270		Jan.	7		1	25	50

Harper & Day

190-						190-					
~~Jan.~~	~~25~~		~~2~~	156		Jan.	27		~~3~~	156	

A. W. Blake

190-											
Jan.	29		3	58	80						

S. Nelson & Co.

						190-					
						Jan.	30		3	129	60

Merchandise Forward

190-						190-					
Jan.	26	Ford. from page	1	307	55	Jan.	26	Ford from page	1	988	95
	27		3	18			27		3	42	75
	30		3	129	60		28		3	270	
							29		3	58	80
							30		3	75	

Closing the Books. In every business it is desirable at certain times, usually once a year, to summarize the results of the business in a statement setting forth a schedule of the resources and liabilities, and the various sources and amounts of losses and gains. When the statement is prepared, it is usual to enter the balance of the various ledger accounts in red ink, and to rule up the accounts preparatory to re-opening them for a new business period. The general operation by which this is accomplished is known as "Closing the Books." The process of closing the books involves four distinct steps, as follows:—

1. The preparation of a Trial Balance for the purpose of showing that all original entries have been correctly posted to the Ledger.
2. The making out of inventories, or lists, showing the value of all merchandise, chattels, or other property on hand at the time of closing.
3. The preparation of a "Statement" or "Balance Sheet", setting forth in proper form, a schedule of the resources and liabilities, gains and losses, and present worth of the proprietor.
4. The closing and ruling up of the accounts in the Ledger.

The student having already prepared a correct Trial Balance for the Model Set, his attention is now directed to the method of preparing a statement and ruling up the accounts as shown on pages 34 to 36.

Inventories. An inventory in bookkeeping is a list or schedule of anything having a value related to the business, and which at the time of closing the books, does not appear on any Ledger account. Inventories may represent either resources or liabilities. Resource inventories may consist of the estimated value of merchandise, chattels, or other property on hand, also prepaid rents, salaries, insurance, etc., and accrued interest on notes owed to the proprietor. Liability inventories may include interest on the firm's outstanding notes, and unpaid salaries, or other firm debts not entered on the books.

In the Model Set there are three inventories:

(1) The inventory of Merchandise, amounting to $2058.10.
(2) The inventory of Expense for Coal on hand, amounting to $19.13.
(3) The Chattels, amounting to $409.54.

These are entered among the resources in the statement on page 34. Making an inventory of the merchandise on hand is usually called "taking stock." It is done, as a rule once a year and often requires several days.

The Statement. The Statement for the Model Set is given on page 34. The first part of the statement consists of a schedule of the resources and liabilities.

The Resources Consist (1) of the inventories of Merchandise, Chattels, and Expense. (2) The balance of cash on hand and the balance of the several personal accounts that have an excess of debits over credits, also the balance of the Bills Receivable account, showing the amount of notes on hand. The balances of the several accounts are obtained from the Trial Balance by subtracting the credits from the debits. Thus, the total debits of the cash on the Trial Balance are $1776.70 and the total credits are $710.13; the difference, $1066.57, is the amount of cash on hand.

The balances of the several personal accounts, and of Bills Receivable are found in the same way.

When the several resources are entered, a red line is drawn under the last item, the several items are added and the total "extended" into the next column.

The Liabilities in this set consist of the balance of the Bills Payable account, and the balance owed to S. Nelson & Co. These balances are also obtained from the Trial Balance by subtracting the debits from the credits.

The total of the liabilities is then extended, and this total is subtracted from the total of the resources, and the difference entered in red ink, as the proprietor's Present Worth. Double red lines are then drawn below this portion of the Statement.

Gains and Losses. The next part of the Statement consists of a schedule of the gains and losses. The loss and gain accounts of this set are Merchandise, Chattels, Expense, and Interest, and a synopsis of the results shown by these accounts is given in the statement.

To the credit total of the Merchandise account (sales), the amount of the Merchandise inventory is added, and from this result the debit total (cost) is deducted, giving $275.45 for the gain on merchandise.

As the credit side of the Interest account exceeds the debit side by $6.97, this amount is entered for the Interest gain.

The total gain, $282.42, is then extended to the next column.

The losses are shown by the Expense and the Chattels accounts. From the total expenses as shown by the debit side of the Expense account, we deduct the inventory of coal on hand, leaving $88.52 for the loss entry for this account.

The balance of the Chattels account, as obtained from the Trial Balance is $417.90, and if the chattels on hand were given the same valuation that was given them on beginning business, this account would show neither a gain nor a loss, but being in constant use, the chattels required in a business deteriorate in value, and an allowance for the deterioration (generally a certain per cent of their valuation) is usually made when the inventory is taken. In the present set a deduction of two per cent is made from the value as shown by the balance of the account. This gives $409.54 for the inventory, and $8.36 for the loss.

The total loss, $96.88, is then extended and substracted from the total gain, giving $185.54 for the net gain. The original investment (as shown by the Trial Balance) is added to the net gain. The result, which is the present net investment, or "Present Worth," is entered in red ink as the Proprietor's Present Worth. If this sum agrees with the Present Worth, as shown by the difference between the total resources and total liabilities (as given in the first part of the Statement), the Statement "proves" and the work is correct.

These two entirely different methods of obtaining the Present Worth of the business, comprise the basal principle of the Double Entry Statement, and, in fact, constitute the foundation upon which the whole structure rests.

The student before proceeding further in his work, should be very sure that he thoroughly comprehends this fundamental principle. He should also understand that the principle cannot be applied unless all entries have been made in the accounts, in accordance with the rules of debit and credit already given.

Closing the Ledger Accounts. A correct statement having been prepared, it now remains to close and rule up certain of the Ledger accounts, preparatory to entering upon a new business period. The accounts of the Model Set that require closing are shown on pages 35 and 36. They do not include the personal accounts, or the accounts with Bills Receivable and Bills Payable, as the ruling up of these accounts is unnecessary.

Let the student carefully study the process of ruling and closing up the Model Ledger, the several steps of which are as follows:

1. All inventories of Expense, Chattels, and Merchandise are entered in red ink on the credit side of these accounts, with the date of closing and explanatory word "Inventory." (Find each of these entries.)

2. A new Ledger account should be opened under the title "Loss and Gain." If such a title is already in the Ledger with entries posted from the original books, the new title should be "Loss and Gain Closing." The left or debit side of this account should contain all loss entries, and the right or credit side all gain entries required in closing other Ledger accounts.

3. The balance of cash on hand, the excess of the debits over the credits, is entered in red ink on the credit side of Cash account, with the closing date and the explanatory word Balance, after which the account is ruled up. As the accounts are to be continued, the balance is brought down in black ink on the debit side.

4. The excess of the debits over the credits (loss) in Expense account is entered in red ink on the credit side with the explanatory word "Loss" and the folio or page of the Ledger on which the "Loss and Gain" is entered. The Expense account is now in balance and should be ruled up. The inventory is next brought down in black ink on the debit side, and the loss entry is carried in black ink to the debit side of "Loss and Gain."

5. Chattels is closed in a similar manner, the inventory being brought down, and the loss entry being carried to the debit of "Loss and Gain."

6. Interest account is closed, after making a red ink debit of the gain, the excess of the credit side. This gain entry is carried in black ink to the credit of "Loss and Gain."

The Model Statement.

Resources			
Cash		1066 57	
Expense	per Inventory	19 13	
Chattels	per Inventory	409 54	
Bills Receivable		403 40	
A. W. Thomas		70 70	
T. M. Brown		66 50	
J. A. Morgan		244 50	
A. W. Blake		58 80	
Merchandise	per Inventory	2058 10	4397 24
Liabilities			
Bills Payable		307 35	
S. Nelson & Co.		129 60	436 95
Net Worth			3960 29
Gains			
Mdse.	Sales 1435.50		
"	Inventory 2058.10	3493.60	
"	Cost	3218.15	
"	Gain	275 45	
Interest		6 97	282 42
Losses			
Expense	Debits 107.65		
"	Inventory 19.13		
"	Loss	88 52	
Chattels	Debit Bal. 417.90		
"	Inventory 409.54		
"	Loss	8 36	96 88
Net Gain			185 54
C. A. Bell, Proprietor, Investment			3774 75
C. A. Bell, Proprietor, Pres. Worth			3960 29

Four of the Model Ledger Accounts Closed.

C. A. Bell, Proprietor.

					190–					
					Jan.	2			1	377475
						31	Net Gain		3	18554
				396029						396029
					Feb.	1	Present Worth			396029

Cash

190–					190–					
Jan.	2		1	96525	Jan.	2			1	45
	4		1	8750		5			1	50
	7		1	665		10			2	35920
	9		2	10		14			2	8128
	11		2	47520		15			2	6250
	18		2	9760		20			2	75
	26		3	40		25			2	1950
	30		3	75		29			3	1765
	31		3	1950						
				177670						177670
Feb.		Balance		106657						

Expense

190–										
Jan.	2		1	45						
	7		1	2550						
	25		2	1950						
	29		3	1765						
				10765						10765
Feb.	1	Inventory		1913						

Chattels

190–					190–					
Jan.	2		1	37490	Jan.	31			3	1950
	15		2	6250						
				43740						43740
Feb.	1	Inventory		40954						

Three of the Model Ledger Accounts Closed.

Interest

190–						190–				
Jan.	14		2	1 28		Jan.	7		1	6 65
							18		2	1 60
				8 25						8 25

Merchandise Forward

190–						190–				
Jan.	26	Ford. from page	1	3070 55		Jan.	26	Ford from page	1	988 95
	27		3	18			27		3	42 75
	30		3	129 60			28		3	270
							29		3	58 80
							30		3	75
				3493 60						3493 60
Feb.	1	Inventory		2058 10						

Loss & Gain

190–						190–				
Jan.	31	Expense	1	8852		Jan.	31	Interest	2	6 97
		Chattels	2	8 36				Mdse	3	275 45
				282 42						282 42

7. Merchandise Account is closed in a similar manner, the inventory being brought down in black ink, and the gain being carried in black ink to the credit of "Loss and Gain."

8. The Loss and Gain account shows all the losses of the business on the debit side, and all gains on the credit side, the excess of the gains (net gain) being entered in red ink on the debit side, with the title and folio of the proprietor's account in the explanation and folio columns. This net gain is carried in black ink to the credit of the proprietor's account, with the title and folio of the Loss and Gain account in explanation.

9. The proprietor's account is balanced by writing on the debit side in red ink the excess of the credits over the debits, with the closing date and the explanatory term, "Net Worth," which is afterward brought down in black ink on the credit side. showing the net capital with which he continues business.

Observations. The student, if he has followed this closing process thoughtfully, has observed the following facts:

1. That the ledger was in balance before any closing entries were made.

2. That each red ink inventory or closing entry on the credit side of any account has a corresponding black ink entry in the same account after closing, or in some other account to which it refers; and likewise each red ink entry on the debit side of any account has a corresponding black ink entry in the same account after closing, or in some other account to which it refers.

3. That the ledger should be in balance after closing, because equal debits and credits were made in each closing entry.

Trial Balance After Closing. After the several inventories and the balance of the proprietor's account have been forwarded, the Ledger should be in balance, but in order to be sure that no mistakes have been made in forwarding balances, etc., it is well to take a trial balance of the Ledger as it now stands. This "Trial Balance After Closing" takes the place of the opening entry at the beginning of the business, in showing that the books are in balance at the commencement of the new business period.

Exercise.

The student may now prepare a trial balance of the Ledger accounts in the Model Set, as they stand after the accounts have been closed.

NOTE—The totals for the Personal accounts and for Bills Receivable and Bills Payable, will of course, be the same as those appearing on the previous trial balance. The items for the other accounts will consist merely of the forwarded balances.

Test Set for Review.

The following transactions require a set of books substantially the same as the Model Set. Let the student write these in complete form, consulting the entries and forms of the Model Set whenever necessary. Loose (single) sheets of Journal and Ledger paper should be used, and great care should be taken that the papers show no blots or erasures and otherwise present a neat and creditable appearance. Let the student bear in mind that neatness, accuracy, and legibility, are the "Three Graces" of Bookkeeping. They must become fixed habits, and to acquire them the student will need to work slowly at first, and carefully study every entry before making it. Especial pains should be taken with figures, each of which should be so distinctly formed that it can be mistaken for no other.

In entries requiring arithmetical computations, verify every result so carefully that an error will be impossible. In posting, be especially careful to make no error in transferring the items of the journal, and note that each amount is posted to the right side of the account. The nature of bookkeeping is such that the bookkeeper must learn to apply himself steadily to his work. Let his mind wander for one brief moment, and he may make an error that will afterwards cause him many hours of extra labor. Until the beginner acquires this habit of close application, he will do well to observe the adage "*Make haste slowly.*"

Transactions.

On Nov. 1, 190—, J. A. Lane engaged in a Flour and Feed Business at 124 Clarke St., Hamilton, Ill. His invested resources consist of: Cash on hand, $821.60; a stock of Flour and Hay, Grain, etc., per inventory, $1252.85; horse and dray, scales and other chattels, inventoried at $275. He holds the promissory notes of various persons amounting to $324.90. R. C. Jackson owes him on account, $71.40.

Mr. Lane's liabilities consist of various outstanding notes amounting to $425.35, and he owes Hall & Miller on account, $124.15, and T. C. French a balance amounting to $81.60.

Nov. 1. Gave check to S. A. Bowman for rent of store to Jan. 1, next, $90.

NOTE. In ordinary business, checks are entered as cash.

Nov. 2. Sold to A. N. Price for cash, 7 tons Hay @ $15.50.
" 2. Sold to W. T. Davis on account, 12 brls. Flour @ $5.50.
" 3. Bought of Hall & Miller on account, Mdse. per their bill of Nov. 1, $56.25.
" 3. Paid my note of Jan. 16, favor L. Woods, $71.50, with accrued interest on the same, $5.20.
Nov. 4. Sold to L. McGuire on his note at 30 days, Mdse. per bill rendered, $41.50.
" 4. Bought of E. C. Haskell on account, for use in store, 8 tons Hard Coal @ $7.25.
" 5. Paid cash to A. F. Hart for interest due on my note of Jan. 1, $17.60.
" 5. Sold to Hanover & Co. for cash, 75 bu. Oats @ 40 cents.

Nov. 6. Received of N. P. Mills cash for interest on his note of Nov. 6, last year, $8.75.
" 7. Received of R. C. Jackson cash on account, $25.
" 8. Paid Harper Bros. cash to apply on my note of July 1, $125.
" 10. Sold to R. C. Jackson on account, 25 tons Baled Hay @ $16.25.
" 11. Bought of Pope Milling Co., for cash, a bill of Flour and Feed Stuff amounting to $315.40.
Nov. 12. Received of M. L. Snow, cash to apply on his note of May 6, $75
" 13. Bought for cash of A. P. Marble, an office safe, $65.
" 13. Paid cash for telephone rent to Dec. 1, next, $3.50.
" 15. Bought of C. W. Jones & Co., on my note at 30 days, Mdse. per their bill of this date, $134.90.
Nov. 16. Sold to F. M. Bell for cash, Mdse. per bill rendered, $219.25.
" 16. S. T. Wilson has paid in cash his note of Oct. 2, last year, for $141.50, with accrued interest, $15.75.
Nov. 17. W. T. Davis settles his account to date, by giving me his note at 60 days for $66.
" 19. Paid Hall & Miller cash on account, $100.
" 19. Bought of C. W. Baker & Co. for cash, a bill of Flour amounting to $192.50.
" 20. Paid salary of clerk to date, $21.25.
" 21. Sold to J. P. Nelson on his note at 60 days, Mdse, per bill rendered, $146.25.
" 21. Received of R. C. Jackson cash on account, $150.
" 22. Sold to T. C. French on account, 7 brls. Flour @ $5.50.
" 22. Paid to E. C. Haskell, cash in full of account, $58.
" 23. Sold to L. Morgan & Co. on account, 2560 lbs. Chopped Feed @ 1½ cts., 19 tons Hay @ $12.50.
Nov. 24. Sold to E. F. Parker to be applied on my note in his favor, 125 bu. Oats @ 40c.
" 25. Bought of T. C. French on account, 15 tons Hay @ $10.50.
" 25. Received of L. Morgan & Co. cash on account, $125.
" 27. Bought of Hall & Miller on account, Mdse. per their bill of Nov. 24, $81.20.
" 28. Settled my account with T. C. French by handing him my note at 30 days for balance due him, $200.60.
Nov. 29. Sold to J. S. Brown for cash, $25, a set of Fairbank's Scales belonging to the store chattels, and which we do not need.
Nov. 30. Sold to L. Stetson for cash, Mdse. per bill rendered amounting to $96.20.

You may now post your Journal entries to the Ledger, first using loose sheets of ledger paper. On the back cover of your blank ledger you will find directions for spacing the accounts. The loose sheets should be paged and spaced according to these directions, so that the accounts may be readily copied into the blank ledger.

Under date of Nov. 30th the books are to be closed. In doing this, follow closely the instructions and explanations relating to the Model Set, pages 33 to 36.

The inventories for the present set are as follows:

Merchandise, $963.45.
Expense one month's prepaid rent, $45.
Six tons Coal @ $7.25.
Chattels 5 per cent less than present balance of the account.

Trial Balance of Balances.

Since the total debits of a Ledger equal the total credits, it is evident that the *excess of debits* (that is the sum of all debit balances) must equal the *excess of credits*, or the sum of all credit balances. In a "Trial Balance of Balances," the *balances* of the several accounts are entered instead of the totals. This form of trial balance is used when the books are to be closed, since the balances of several of the accounts are required in making up the Statement. If, however, a trial balance is taken, merely for the purpose of "Proving the Ledger," and when a general closing is not desired, a trial balance by totals is taken, as it involves less labor in its preparation. The latter form of trial balance is often called a "proof sheet."

The accompanying form shows a trial balance of balances as required by the Model Set. Compare it with the trial balance of totals that you have prepared for the Model Set, after which prepare a trial balance in similar form for the present set.

Trial Balance of Balances

C. A. Bell, Proprietor		3774 75
Cash	1066 57	
Expense	107 65	
Chattels	417 90	
Bills Pay.		307 35
Bills Rec	403 40	
Interest		6 97
A. W. Thomas	70 70	
T. M. Brown	66 50	
J. A. Morgan	244 50	
A. W. Blake	58 80	
S. Nelson & Co.		129 60
Merchandise	1782 65	
	4218 67	4218 67

Should your Trial Balance fail to balance, try to locate the error by carrying out the following instructions:

When the Trial Balance is Out of Balance.

1 Examine the Ledger carefully, to see that no errors have been made in transferring the footings to the Trial Balance.

2. If the error still remains undiscovered, carefully go over all the additions in the Ledger; also add again the Trial Balance itself.

NOTE. In case of adding columns a second time, it is advisable to add in opposite directions. If the first additions were from the bottom to the top, the next additions should be from top to bottom, giving new combinations of figures.

3. Ascertain the exact amount of the discrepancy; then, look over the items of the Journal and Cash Book, to see if an entry of that amount has been omitted in the posting.

4. See if there is an item equal to one-half the amount of the discrepancy, which may have been posted to the wrong side of the Ledger.

NOTE. If, for instance, a debit of $100 has been posted to the credit instead of the debit side of some account, the result would be to make the total credits of that account $100 too large and the total debits $100 too small. This, of course, would produce a discrepancy of $200 in the Trial Balance. Hence, if the discrepancy of your Trial Balance were found to be $84.60, it might be caused by posting some item of $42.30 to the wrong side of the Ledger.

5. Go over all the postings carefully, checking off each with a very light pencil mark, in order to see that no entries have been omitted. This process called "Checking the Ledger," is described on page 28.

If your Trial Balance "proves," (is in balance), submit it to your teacher for verification.

NOTE. Notwithstanding that the Trial Balance proves, several kinds of errors may have been made in the bookkeeping, as for instance, the following:—

1. Errors in computation, by which incorrect original entries are made.
2. Posting an item to the wrong account.
3. Failure to enter a transaction in the Journal or other book of original entry.
4. Failure to post both the debit and credit of a Journal entry.

If your Trial Balance has been verified, proceed to make your Statement and close the Ledger.

Test Statement.

The student may now prepare a Statement as required by the following Trial Balance and accompanying inventories. In this Trial Balance, the balances of all Personal Accounts showing a debit balance are entered under one heading, "Accounts Receivable," and the balances of the Personal Accounts showing a credit balance are entered under "Accounts Payable." This is always done when there are many personal accounts in the Ledger.

Trial Balance and Inventories for the Test Statement.

TRIAL BALANCE.

T. M. Scott Investment,			24189 19
Merchandise,		60199 55	49535 77
Cash (Balance),		1258 60	
Bills Rec.,		1587 20	649 35
Bills Pay.,		456 40	1021 60
Interest,		61 40	42 19
Expense,		7175 60	
Chattels,		647	58
Accounts Receivable,		5889 10	
Accounts Payable,			1778 75
INVENTORIES.			
Merchandise,	$25621.35		
Chattels,	575.		
Expense, materials on hand,	59.70		

General Review.

1. What accounts are debited on opening a business? What accounts are credited?
2. How is the proprietor's net investment ascertained?
3. What is the purpose of a Journal?
4. What facts regarding the business should be given in the opening entry?
5. What property is included in the Chattels account?
6. Does the Chattels account usually show a loss or gain? Why?
7. What is the advantage of posting the debits first and then the credits?
8. Explain the use of folio columns.
9. What is the purpose of a Trial Balance?
10. What is a "Bill Receivable?" A "Bill Payable?"
11. What is meant by the "face value" of a note?

[CONTINUED ON PAGE 41.]

Cash Dr.

190-								
Mar.	5	✓	Journal	Investment C. A. Smith			651	90
	6	12	Mdse.	Sale L. F. Miller	25	40		
		9	C. H. Day	On account	15			
	7	14	Bills Rec.	R. Hall's note of Jan. 15	25	75		
	8	10	T. W. Nelson	In full of acct.	42	90		
	10	14	Bills Rec.	J. N. Bell's note of Oct. 1	60			
		16	Interest	On above note	2	67		
		12	Mdse.	Sales for week	121	60	293	32
							945	22
Mar.	11			Balance down			599	27

12. Can the credit side of the Bills Receivable account exceed the debit side? Why?
13. Can the debit side of Bills Payable account exceed the credit side? Why?
14. When is the Bills Payable account debited? When credited?
15. When is Bills Receivable debited? When credited?
16. What two methods of ascertaining the Present Worth of the business are shown by the statement?
17. What personal accounts are included under Accounts Receivable? Accounts Payable?
18. In closing the Ledger accounts, what items are entered in red ink?
19. On which side of the Loss and Gain account are the gains of a business entered? The losses?

Wood and Coal Business.

In this business the student is to act as bookkeeper for J. .L Hammond, proprietor of a Retail Wood and Coal Business. The books used will be a Journal, Ledger, and Cash Book, the student using the practice journal and ledger paper supplied with his equipment.

The Cash Book.

For this business a Cash Book is to be used in which original entries of Cash transactions will be recorded, instead of entering these in the journal as heretofore. The Cash Book is best understood by considering it as merely the ordinary Cash Account of the Ledger kept in a book to itself, the entries being accompanied by explanations.

When cash is received, the entry is made on the debit side of the Cash Book, each entry being preceded by the title of the Ledger account that is to be credited when the item is subsequently posted to the Ledger. When cash is paid out, the entry is made on the credit side of of the Cash Book, the title of the Ledger account that is to be debited, introducing the entry.

The ruling of the Cash Book is the same as that of the Journal, the left hand folios being used for debits and the right hand for credits.

The first money column in each folio is used for items and the second column for balances and the extension of totals.

The accompanying form illustrates a Cash Book and the method of recording entries, closing and ruling up the book, and forwarding the balance.

The folio columns of the Cash Book are used for the Ledger pages of the accounts to which the Cash Book items are to be posted. In case a cash item is posted to the Cash Book from the Journal (as often happens in opening and other compound Journal entries) the word "Journal" is written in the Cash Book, opposite the entry, and a check mark (√) is placed in the folio column of the Cash Book to show that the item is not to be posted. (See first item on the debit side of the Illustrative Cash Book, and the item for March 8th on the credit side.)

The method of closing a Cash Book and forwarding the balance is the same as that of a Ledger account.

Cash Cr

190-								
Mar	5	5	Expense	Rent for March	50			
	6	12	Mdse.	Brown Bros. Invoice 3/4/-	152	50		
		15	Bills Pay.	Note of 3/1/190 favor L. Hill	75			
		16	Interest	On above Note	3	25		
		12	Mdse.	Freight on Inv. Brown Bros	17	25		
	8	✓	Journal		16	20		
	9	7	Walker Bros.	On account	25			
		5	Expense	Office Stationery	6	75	345	90
	10			Balance				
							945	22

Transactions.

Opening Statement.

Dec. 1. Retail Wood and Coal Business conducted by J. L. Hammond, at 54 Main Street, Auburn, Ohio. *Invested Resources:*—Cash per balance in City Bank, $1500. Mdse. inventory of Coal and Wood in yard, $745.50. Teams, office fixtures, and other property as inventoried, $425. Bills Receivable, various notes on hand, $342.60.

H. S. Chase balance on account, $52.20.

Liabilities:—Bills Payable, proprietor's outstanding notes, $241.50.

Dec. 2. Handed A. G. Miller my check for office rent to Jan. 1, $25.00.

(Enter on credit side of Cash Book, debiting Expense. See first credit entry in Model Cash Book.)

Dec. 3. Received from Western Coal Co., coal per their bill of Dec. 1, at 30 days, $146.50.

" 3. Paid cash for freight on coal shipment from Western Coal Co., $17.50.

(Credit Cash Book Entry, Charge to Mdse. See fifth credit entry in Model Cash Book.)

Dec. 4. Sold to L. M. Farnsworth on account, 6 tons Hocking @ $3.75.

" 4. Cash sales of Coal and Wood to date $85.90.

(Debit Cash Book Entry, crediting Mdse. See last debit entry in Model Cash Book.)

Dec. 5. Sold to Thos. Lynch at 30 days, 16 tons nut coal @ $5.50.

" 5. Received of H. S. Chase, cash on account, $25.

See third debit entry in Model Cash Book.)

Dec. 6. Paid to C. A. Jarvis for first quarter's rent of coal yard, $150.

(Entry as in transaction for Dec. 2.)

Dec. 7. Cash sale of Mdse. to date, $148.90.

" 9. Handed A. P. Johnson my check for $50 to apply as part payment on my note of May 1st.

(Credit entry in Cash Book, debiting Bills Payable.)

Dec. 9. Sold to C. B. Daniels on account, 11 tons Coke @ $3.90.

" 10. Received a carload of Scranton coal from A. Burnett & Sons, Pittsburg, Pa., bill of Dec. 5, at 60 days, for $179.60.

Dec. 10. Paid cash for freight on coal shipment of A. Burnett & Sons, $27.40.

" 11. Cash sales to date, $172.45.

" 12. Sold to H. S. Chase on account 7½ cords 4-foot Hickory @ $4.75

NOTE. When the amounts involve fractions of a cent less than ½, the fraction is dropped. When the fraction is ½ or more it is considered one cent, thus, $7.91¼ would be entered $7.91; $7.91½ would be entered $7.92. This rule *does not apply to prices* but to amounts only.

Dec. 13. Bought of L. T. Jones on my note at 90 days, 50 cords oak stove wood @ $1.45.

" 14. Received of A. P. Lowe cash for his note of June 18th, $80, with six months' interest at 8 per cent.

(See Model Cash Book entry for March 10.)

Dec. 14. Handed my check to the Eagle Mining Co. in payment for coal delivered in yard per bill of this date, $249.60.

(Cash Book entry, charging Mdse.)

Dec. 15. Sold to A. P. Cooper on his note at 60 days, wood and coal per bill rendered this date, $87.50.

Dec. 15. Cash sales to date, $158.75.

" 16. Gave check for $154 20 to Hocking Valley Coal Co., in payment of carload of coal received this day.

Dec. 16. Paid cash for freight on above coal, $11.25.

" 18. Sold to Thos. Lynch on account, 18 tons Coke @ $3.90, receiving his check for $50 to apply on sale; balance on account.

Charge him in the Journal for the amount of the bill and credit him in the Cash Book (debit side) for the payment.

NOTE. This transaction could be entered in the Journal, Cash and Thos. Lynch being debited, and Mdse. being credited; but practical bookkeepers treat the payment as a separate transaction, the purchaser being charged for the whole amount in the Journal, and credited in a separate entry in the Cash Book.

Dec. 19. Paid J. L. Holmes cash for my note of Sept. 20, $125, with 90 days' interest at 6 per cent.

(See credit entries for March 6 in Model Cash Book.)

Dec. 19. Cash sales to date, $215.25.

" 20. Bought for cash of Central Hardware Co., a set of platform scales for use in coal yard, $22.75.

Dec. 20. Bought of the Eagle Mining Co., 3 car loads of steam coal, cost as billed, $269.50. Gave them cash to apply, $100. Balance at 30 days.

(Enter whole amount of bill in Journal and charge Eagle Mining Co., in Cash Book for the amount of the payment.)

Dec. 21. Sold to C. B. Daniels on account, 7 tons Hocking @ $3.90.

" 22. L. M. Farnsworth gives his check for $15 to apply on account.

" 22. H. S. Chase settles his account to date by giving his note at 30 days for $62.83.

" 23. Remitted to A. Burnett & Sons, Pittsburg, N. Y. draft for $125 to apply on account.

(Bank drafts, like checks, are considered as cash.)

Dec. 23. Paid cash for teamster's salary to date, $56.25.

" 24. Sold to C. B. Daniels 24 tons Pocahontas @ $3.80. He hands us his check for $60 to apply on sale. (See trans. Dec. 18.)

Dec. 24. Loaned F. T. Beach cash $250, for which he gives his note at 60 days.

" 24. Cash sales to date, $227.40.

" 26. Chas. Ranger hands us his check in payment of his note of Oct. 27, for $92.10 with 60 days interest at 8 per cent.

Dec. 26. Paid Harper & Sons cash for office stationery, per bill rendered, $7.40.

" 26. Settled our account with the Eagle Mining Co., to date by giving them our note at 60 days.

Dec. 27. Sold to H. S. Chase on account, 17 tons Lehigh Val. Coal @ $4.90.

" 27. Bought of the Eagle Mining Co. at 30 days, 2 car loads Pocahontas, per bill of Dec. 24, $257.60.

Dec. 28. Received of M. C. Davis cash for over-due interest on his note of Jan. 1, $7.55.

" 28. Bought of Western Coal Co., 3 car loads Hocking Valley, per their bill of Dec. 27, $273.50. Gave them our check for $150 to apply on bill.

Dec. 29. Bought of the Martin Implement Co., on our note at 30 days, coal wagon for our delivery department, $145.

Dec. 30. Paid in cash, Daily Journal advertising bill to date, $15.25.

" 30. Handed the Eagle Mining Co. our check for $175 to apply on account.

" 31. Cash sales to date, $325.90.

The Journal and Cash Book are now to be posted and the books closed. First post the Journal, taking great care to avoid errors, and follow carefully your previous instructions. Use loose ledger paper for first posting, and follow the instructions for spacing and paging, given in your ledger blank.

In posting the Cash Book, remember that this book is itself an account, and that its debit entries must therefore be posted to the *credit* side of the several accounts, while its credit items must be posted to the *debit side* of the accounts. A little careful thinking will enable you to avoid errors in posting the Cash Book. Rule up and close every personal account that balances.

Balance and rule up the Cash Book, in the same manner as the Model Cash Book on pages 40 and 41 is closed, before preparing the Trial Balance.

Prepare a Trial Balance of Balances, as in the previous set, combining the Accounts Receivable and Accounts Payable, as in the Trial Balance for the Test Statement on page 40. The Cash Account is represented on the Trial Balance by the balance, as shown by the Cash Book.

If your Trial Balance proves, submit it to your teacher for verification; if not, try to find the error, following the instructions on page 39.

When your Trial Balance is accepted, prepare your Statement and close the books, following previous instructions. The inventories are as follows:—

Chattels, present balance of the account, less a deduction of three per cent for deterioration.

Expense, prepaid rent and expense materials on hand, etc., $102.50.

Flour and Provision Business.

The student acts as bookkeeper for C. F. Roberts, proprietor. The books kept are Journal, Cash Book, Sales Book, and Ledger.

Sales Book.

This is a book in which all sales of merchandise are recorded, instead of being entered in the Journal and Cash Book, as in the previous sets.

Each entry in the Sales Book consists of three parts, (1) the name and address of the customer, (2) the items purchased with prices, extensions, etc., (3) the terms of payment

In case of cash payments on a sale, in full or in part, entries are required in both Cash Book and Sales Book.

Posting and Closing Sales Book. The Sales Book represents the credit side of the Merchandise Account, and such items as are to be posted from it are therefore carried to the debit side of the accounts affected. The accounts to which the items are to be posted are shown by the terms of sale as given at the close of the entry.

Thus, if the sale is on account, it is to be posted to the purchaser's account; if paid for in cash, to the Cash Book; or if settled with the purchaser's note, to the Bills Receivable account.

In case a part payment is made in cash and the balance is on account, the whole amount of the sale is posted to the purchaser's account, while the payment is posted to his credit from the Cash Book. The amount of the cash payment should also be entered on the bill.

Check off in the Sales Book all cash sales as soon as they are entered in the Cash Book, to indicate that they are to be passed over when the final posting of the Sales Book occurs. Check off, also, such items as are carried to the Journal. The accompanying forms of the Sales Book and Cash Book, illustrate the manner of making and checking off entries.

The totals of the sales are entered at the foot of the columns, and forwarded until such time as it may be desirable to post the sales to the Merchandise Account.

When the Sales Book is to be closed, enter the total and post it to the credit side of the Merchandise account, entering in the explanation column of this account the letters "S. B." and rule up the Sales Book.

The method of keeping a Sales Book and of carrying entries from Sales Book to Cash Book are illustrated in the forms on pages 45 and 46, the entries there given being records of the following transactions, which we have numbered for the student's convenience in referring from the transaction to the record of the same.

Transactions for the Model Entries.

No. 1.

Jan. 2, 190—. Sold to H. Davis, No. 14 Brook Street 13 brls. Flour @ $5, 10 bu. Potatoes @ 60c.

(This is a simple sale on account, the item being posted from the Sales Book to the debit of Davis in the Ledger, the Ledger folio being entered in the folio column of the Sales Book, opposite Mr. Davis's name.)

No. 2

Jan. 3. Sold to Geo. Jones, 121 Main Street, for cash, 5 cords Maple Stove Wood @ $2, 3 tons Scranton Coal @ $6.

(As this sale is paid for, we enter a check mark opposite Mr. Jones's name in the Sales Book, to show that the item is not to be posted to his account, and we check the cash item in both the Sales Book and Cash Book, to show that no entry is required in the Ledger.)

Model Entries in Sales Book.

190-			No. 1						
Jan.	2	13	H Davis, No 14 Brook St.						
			13 bbls. Flour	$5 —		65			
			10 bu. Potatoes	60		6		71	
			Acct 30 days						
			No. 2						
	3	✓	Geo Jones, 121 Main St.						
			5 cords Maple Stove Wood	$2 —		10			
			3 tons Scranton Coal	6 —		18		28	
		✓	Recd. Cash						
			No. 3						
	5	16	R Miller, Stapleton, N. Y.						
			25 bu. Potatoes	.50		12	50		
			12 bbls Flour	5.50		66		78	50
		✓	Cash to apply $50						
			No. 4						
	6	✓	A. L. Baker, 17 Pine St.						
			18 tons L. V. Coal	$6 —				108	
		24	Bills Rec. - Note at 60 days						
			No. 5						
	7	✓	C. S. Day, 29 Park Ave.						
			40 bu. Potatoes	.60		24			
			500 lbs. Bacon	.12		60			
			30 bbls. Flour	5 —		150		234	
		✓	Cash $100 —						
		24	Bills Rec. Note 30 ds for $134 —						
			No. 6						
	10	21	A. P. Moore, 151 Clarke St.						
			42 bu. Beans	2.25		94	50		
			25 bbls Flour	5.60		140		234	50
		✓	Note to apply $200. bal. a/c — see Journal						
			No 7						
	12	✓	Petty cash sales to date.					147	50
			No. 8						
		9	Mdse. Cr. Total Sales					901	50

Model Entries in Cash Book, Debit Side.

				No. 2			
Jan.	3	✓	Sales Book	Geo. Jones	28		
				No. 3			
	5	16	R. Miller	pr Sales Book	50		
				No. 5			
	7	✓	Sales Book	C. S. Day	100		
				No. 7			
	12	✓	Sales Book	Petty Sales	147	50	

No. 3.

Jan. 5. Sold to R. Miller, Stapleton, N. Y., 25 bu. Potatoes @ 50c, 12 brls. Flour @ $5.50, receiving cash, $50, balance on account.

(Mr. Miller is charged with the entire amount of the purchase, the Ledger folio "16" being entered opposite his name when the item is posted. The cash item is checked in the Sales Book when carried to the Cash Book. From the Cash Book it is posted to the credit of Mr. Miller's account. The Ledger folios would not, of course, be entered until the time of posting the Sales Book and Cash Book.)

No. 4.

Jan. 6. Sold to A. L. Baker, 17 Pine Street, on his note at 60 days, 18 tons L. V. Coal @ $6.

(As this sale is settled by note, we enter a check mark opposite Mr Baker's name, indicating that the item is not to be posted to his account. When the item is posted to Bills Receivable account, the folio "24" is entered in the Sales Book.)

No. 5.

Jan. 7. Sold to C. S. Day, 29 Park Avenue, 40 bu. Potatoes @ 60c, 500 lbs. Bacon @ 12c, 30 brls. Flour @ $5, receiving cash $100 and his note at 30 days for balance.

(As this sale is paid for by cash and note, no entry is required in Mr. Day's account.)

No. 6.

Jan. 10. Sold to A. P. Moore, 151 Clark Street, 42 bu. Beans @ $2.25, 25 brls. Flour @ $5.60, receiving his note at 30 days for $200, balance on account.

(In this transaction we debit Mr. Moore with the entire amount of the sale, and we credit him and debit Bills Receivable for the note by means of a Journal entry.)

Bills Rec. A. P. Moore	For note 30 days to apply on sale of this date per Sales Book	200	200

No. 7.

Jan. 12. Petty Sales to this date, $147.50.

(In the case of small cash sales "over the counter," and where no bills are rendered, an itemized entry of each sale is not made in the Sales Book, but in a Petty Sales Book or by means of loose slips or "tickets." The total of these petty sales is entered in the Sales Book and Cash Book at the close of each day or week.)

Transactions for the Flour and Provision Business.

Jan. 2, 190—. Statement for opening:—

C. F. Roberts, proprietor of Flour and Provision Business, commenced Jan. 2, 190—, (Use current year for all datings) at No. 56 North Street, Madison, Ill.

Resources: Cash on hand and in bank, $656.50; Mdse. per inventory of stock purchased of T. B. Moore, $1247.75; Drays, horses, store fixtures, etc., per inventory, $395.70; Bills Receivable, various notes held by proprietor, $456.25; A. N. Davis on account, $64.50; Chas. Daniels on account, $95.15.

Liabilities: Bills Payable, amount of proprietor's outstanding notes, $342.50; Randall & Sons on account, $145.60.

(Write the opening entry in the Journal and post to the Ledger, opening the necessary accounts. Post cash investment to Cash Book. Use loose Journal and Ledger paper for first entries, as in previous set. In opening Ledger accounts, follow the instructions for spacing and paging, given in your ledger blank. The loose sheets for the several books should be paged the same as the corresponding sheets in the blank books, so that the proper folios may be used for post marks.)

Jan. 2. Bought of Seymour & Co., for cash a lot of Butter and Eggs per their bill of this date, $41.90.

Jan. 2. Paid cash for rent of store to April 1, $180.

" 3. Sold to A. N. Davis on account at 30 days,
15 brls. Snowflake Flour @ $5.50,
25 doz. Eggs @ 28c.

(Enter in Sales Book as in entry No. 1, Model Sales Book. Use a sheet of Journal paper for first entries in Sales Book, paging the same from 1 to 4.)

Jan. 3. L. T. Upson pays cash for his note of July 3, $50 with six month's interest at 7 per cent.

Jan. 4. Sold to C. S. Hamlin for cash,
25 bu. Potatoes @ 65 cents,
12 brls. N. Y. Apples @ $3.75,
30 sks. Buckwheat Flour @ 45 cents.

(See No. 2 Model Sales Book and Cash Book.)

Jan. 4. Paid Madison Coal Co. cash for coal for store use, 7 tons @ $5.75.

" 5. Sold to H. F. Jones on his note at 30 days,
20 brls. Pork @ $13.50,
152 lbs. Butter @ 20 cents.

(See No. 4 Model Sales Book.)

Jan. 5. Cash purchases of produce today as per purchase tickets, $241.60.

NOTE. If many small lots of produce are purchased, separate entries for each would not be made, but a memorandum of each purchase would be made on a small slip of paper or "ticket" which should be filed on a hook or spindle. The total of these would then be entered, periodically, in the Cash Book.

Jan. 6. The proprietor's note for $87.40 in favor of H. Walker being due, is paid in cash with the accrued interest to date, $7.25.

Jan. 6. Sold to T. W. McLean,
12 cases Eggs @ $2.70,
275 lbs. Lard @ 8½ cts.

He hands us cash to apply on sale, $20. Bal. at 30 days.

(Entry as in No. 3 Model Sales Book.)

Jan. 6. Petty cash sales today, $61.50.

(In the case of small sales "across the counter" for cash, especially to persons who may not be regular customers, separate Sales Book entries are unnecessary, but like cash purchases of produce [explained in the second transaction for Jan. 5] are kept by means of sale tickets, which are filed and the totals entered periodically in Sales Book and Cash Book. See No. 7 Model Sales Book and Cash Book.)

Jan. 7. Bought of the Western Milling Co., on account at 30 days, an invoice of breadstuffs per their bill of Jan. 4 amounting to $395.20.

Paid cash for freight on this bill, $11.75.

(Charge the freight to Mdse. in the Cash Book as heretofore.)

Jan. 7. Sold to Chas. Daniels on account at 10 days,

628 lbs. Bacon @ 14 cents,
75 bu. Potatoes @ 60 cents,
15 bu. Onions @ 90 cents.

(S. B. entry as for sale of Jan. 3 to A. N. Davis.)

Jan. 9. C. A. Martin presents the following letter from Randall & Sons:—

MADISON, ILL., Jan. 8, 190—

C. F. ROBERTS,
56 North St., City.

Dear Sir:—

If convenient, kindly pay the bearer, Mr. C. A. Martin, Twenty-five dollars ($25.00) and charge the same to our account.

RANDALL & SONS,
Per J. E. R.

Make the following entry for Randall & Sons' order on the credit side of the Cash Book, "Randall & Sons' order favor C. A. Martin, $25."

Orders for Merchandise and Cash.

Written orders for the delivery of Merchandise or the payment of Cash, are often used in business. Three parties are involved in the transaction:—

1. The party who makes the order.
2. The party who receives the order.
3. The party on whom the order is drawn.

When you sell goods, pay money, or give credit on an order, *debit the person who issues the order.*

When you issue an order, *credit the person on whom the order is drawn.*

If you pay a person on account with an order drawn on a third person, *debit the person to whom the order is given,* and *credit the person on whom you draw.*

The form of an order is immaterial, but it should state clearly that the cash or merchandise mentioned is to be charged to the account of the person who draws the order. Orders are usually in the form of a brief note or letter.

Transactions.—Continued.

Jan. 9. Cash purchases of produce today, $128.75.

" 9. Received of Chas. Daniels cash on account, $75.

" 9. Paid cash for our note of Oct. 10, favor C. M. Bell, $145 with 90 days accrued interest at 6 per cent.

You may now post the Journal, Cash Book and Sales Book to date. Remember that all items of the Sales Book should be posted to the debit side of the several accounts. Be careful not to post Sales Book items that are checked off, as this will throw the Ledger out of balance. When the Sales Book is posted, the total credits should be entered, the amounts transferred to the credit side of the Merchandise account, and the book ruled up. (See Model Sales Book.)

Balance and rule up the Cash Book and forward the balance as shown in Model Cash Book, pages 40 and 41.

Test the Ledger by taking a Trial Balance or "Proof Sheet." As it is not intended to close the books, enter the totals instead of the balances of the Ledger Accounts. (The cash entry will, of course, be the Cash balance.) If your Trial Balance "proves," hand it to your teacher for verification.

Some Reminders.

1. Have you entered the year at the head of all date columns of the Ledger accounts and other books?
2. Have you entered the pencil footings in the Ledger accounts on taking your Trial Balance?
3. Have the pages been entered in all folio columns?
4. Are your books steadily improving as to legibility and neatness?
5. Are you working mechanically, or do you think of the *reason* for each entry as you make it?

Transactions.—Continued.

Jan. 10. Sold to H. F. Miller for cash,
45 bu. Wh. Beans @ $2.00,
16 brls. Snowflake Flour @ $5.50.
" 10. Remitted to the Western Milling Co. on account our check for $150.
" 10. A. N. Davis settles his account to date by handing us a check for $100 and his note at 60 days for balance.
Journal entry in following form.

Cash ———
Bills Receivable ———
A. N. Davis ———

Post the cash item at once to the Cash Book, checking off the items in both Cash Book and Journal. In the Cash Book, simply enter the word "Journal," as in the entries for March 5 and March 8 in Model Cash Book, pages 40–41.

Jan. 10. Petty cash sales today, $71.90.
" 10. M. F. Carter presents an order from S. B. Potter requesting us to sell Mr. Carter Mdse. to the amount of $85 and charge the same to his (Mr. Potter's) account. On this order Mr. Carter buys the following goods:
5 brls. Snowflake Flour @ $5.60,
300 lbs. Dairy Butter @ 19c.
Enter in the Sales Book as Follows:

Jan.	10	√	M. F. Carter					
			Acct. S. B. Potter per his order this date.					

When the Sales Book is posted, this order will, of course, be posted to Mr. Potter's account. A check mark is entered opposite the name of Mr. Carter. Why?

Jan 11. Cash purchases of produce today, $181.72.
" 11. Chas. Hall hands us check for his note, $128.50 with accrued interest to date, $9.35.
Jan. 12. Paid Robins Bros. cash for set of harness for delivery team, $37.50.
" 12. Bought of Geo. Harmer 38 bu. potatoes @ 50 cents, the amount to be applied as a payment on his note of Sept. 1.

Jan. 12. T. W. McLean, one of our customers, orders 25 sks. Richland Buckwheat Flour. As we do not have this brand, and as it is sold by S. B. Potter, Mr. Roberts, the proprietor, gives Mr. McLean the following order for the goods:

MADISON, ILL., Jan. 12, 190—.

MR. S. B. POTTER,
City.

Dear Sir: Kindly deliver to the bearer, Mr. T. W. McLean, 25 sks. Richland Buckwheat Flour at the current price, 75 cents per sk., and charge the same to my account.

C. F. ROBERTS.

Read Orders for "Merchandise and Cash," page 48, and try to decide what Journal entry should be made in this case. Having decided, write the entry on a piece of practice paper, submit it to your teacher, and, if approved, record it in your Journal.

Jan. 13. Sold to A. W. Monroe on his note at 60 days,
15 brls. Pork @ $14,
25 brls. Snowflake Flour @ $5.40.

(When the first page of your Sales Book is filled, forward the total to the next page.)

Jan. 13. Bought of the Central Produce Co., on account, Mdse. per bill rendered Jan. 10, $274.40.

Jan. 13. Paid office salaries in cash to date, $61.50.

" 13. Bought of the Chicago Safe Co., an office safe for use in business, $185. Gave them check for $100 and the proprietor's note at 30 days for remainder.

(Journalize this transaction on a piece of practice paper and submit to your teacher for approval before entering in the Journal.)

Jan. 13. Paid cash for freight on safe, $21.60.

(As this freight charge is really a part of the cost of the safe, it should be charged to Chattels.)

Jan. 14. Sold to A. N. Davis,
24 bu. Wh. Beans @ $2.10,
5 brls. Apples @ $3.40,
50 bu. Potatoes @ 55 cents.

He hands us check for $40 to apply on sale.

Jan. 14. Petty cash sales today, $94.45.

" 16. Sold our old office safe to Chas. Daniels on account for $75.

" 16. Sold to T. W. McLean on account,
16 brls. Snowflake Flour @ $5.75,
10 cases Eggs @ $2.65.

" 16. Bought of Hall, Davis & Co., on our note at 60 days, Mdse. per bill of Jan. 12, $244.75.

Jan. 16. Paid cash for freight on above bill, $18.70.

" 17. Sold to S. B. Potter on account,
25 brls. Pork @ $14,
60 bu. Potatoes @ 60 cents.

" 17. T. W. McLean hands us his check for $75 to apply on account.

Post your books to date, closing Cash Book and Sales Book as previously instructed. Take a Trial Balance (by totals) and submit it to your teacher, after which continue with the following transactions.

Jan. 17. S. R. Day, proprietor of the Hamilton Tribune, presents advertising bill to date amounting to $32.75. It is arranged to pay this bill by giving him an order for merchandise on Chas. Daniels. Give careful thought to this transaction before journalizing.

Jan. 17. Remitted the Western Milling Co., on account, a Chicago draft for $100.

(Bank drafts are designated by the name of the city where they are payable, as "Chicago drafts," "N. Y. drafts," etc. They are treated as Cash.)

Jan. 17. Petty cash sales today, $113.35.

Jan. 18. Sold to C. S. Munson,
20 brls. Sn. Flour @ $5.75,
150 bu. Potatoes @ 60 cents,
15 bu. Wh. Beans @ $2.20.
He hands us cash to apply on sale, $100, and his 30 day note for balance.
(See No. 5 Model Sales Book and Cash Book.)

Jan. 18. Handed E. C. Mallory our check for $50 to apply on our note in his favor of Nov. 15.

Jan. 18. Bought of F. J. McCormack 175 lbs. of live poultry @ 8½ cents. Gave him in payment an order for Merchandise on T. W. McLean.

Jan. 19. T. S. Appleton presents bill for stationery for office, $17.25, which is paid in cash.

" 19. Remitted to the Central Produce Company cash on account, $150.

" 20. Sold to A. N. Davis,
18 brls. Pork @ $13.50,
125 bu. Potatoes @ 70 cents.
He gives his check to apply on sale, $200, balance at 10 days.

Jan. 20. Bought of James Paine a bill of produce amounting to $28.75, which is to be applied as payment on his note of Aug. 15.

Jan. 21. Settled our account with Randall & Sons to date by handing them our 30 day note for balance due.

Jan. 21. Petty cash sales today, $162.55.

Post the books to date. Close Cash Book and Sales Book, and report to your teacher the amount of cash on hand and amount of sales since last closing of Sales Book.

Jan. 23. Sold to Central Produce Company on account,
65 Cases Eggs @ $2.40,
428 lbs. live Poultry @ 8 cents.

Jan. 23. Sold to A. N. Smith & Co., for cash,
140 bu. Potatoes @ 60 cents,
25 bu. Wh. Beans @ $2.20,
756 lbs. Lard at 7 cents.

Jan. 24. Paid cash for telephone rent for January, $3.75.

" 24. Bought of S. P. Martin & Sons, Merchandise per their bill of Jan. 23, $348.25. Gave them our note at 60 days for $250 and a Chicago draft for the balance.

Jan. 24. Paid cash for freight on goods purchased of S. P. Martin & Sons, $34.90.

" 25. Sold to Chas. Daniels,
800 lbs. Lard @ 7½ cents,
35 brls. Sn. Flour @ $5.60,
200 lbs. Butter @ 18 cents.
He hands us check for $150 to apply on sale, balance at 30 days.

Jan. 25. Purchased from A. T. Brown a quantity of Butter amounting to $19.25, giving in payment our order on Charles Daniels for cash.

Jan. 25. C. A. Winters has given us his check in payment of his note of July 10 for $95 40 with accrued interest, $4.25.

Jan. 27. S. B. Potter has given us his check for $250, to apply on his account.

Jan. 27. A. C. Talbot of 25 Harper street has presented the following order:—

MADISON, ILL., Jan. 26, 190—

C. F. ROBERTS,
Madison, Ill.,

Dear Sir: Kindly deliver to the bearer, Mr. A. C. Talbot, goods from your store to any amount not exceeding one hundred dollars, and charge the same to our account, sending us bill for same.

Very truly,
RANDALL & SONS.

On above order Mr. Talbot has purchased 5 brls. Flour @ $6.50, 50 bu. Potatoes @ 60c, 200 lbs. Bacon at 13½c.

NOTE. Make entry in Sales Book as sold to Mr. Talbot, but enter below the items as terms of the sale "Randall & Sons per order Jan. 26." The item will be posted as a debit to Randall & Sons, a check mark being entered opposite Mr. Talbot's name.

Jan. 27. Received from A. W. Dow his check for $6.25 in payment of accrued interest on his note of Oct. 1.

Jan. 28. Bought of the Madison Vehicle Co., on our note at 60 days, a dray for use in our delivery department, $75.

Jan. 28. Chas. Daniels has given us his note at 60 days for $200 to apply on account.

" 29. Sold to R. Shaw & Co. 50 brls. Apples @ $3.75, 25 brls. Acme Flour @ $6.40, receiving in payment their check for $250 and their note at 30 days for the balance.

(See entry No. 5 in Model Sales Book.)

Jan. 31. Petty cash sales today amount to $171.20.

Post your books to date and prepare a Trial Balance, using balances of accounts, preparatory to closing.

If your Trial Balance is in balance, submit it to your teacher, and, if approved, proceed to close your books as previously instructed, using the following inventories:—

Merchandise on hand, $1272.40.

Prepaid rent and material on hand charged to Expense, $141.75.

Chattels estimated at 5 per cent less than present balance of account.

As the business is to be continued under a new management, it is advisable to close and rule all the accounts, and carry the balances and inventories down.

The Proprietors' Personal and Investment Accounts.

In business it is usually convenient to keep two accounts with each partner, one being styled his "Investment" account and the other his "Personal" account. In his Investment account, the partner receives credit for all sums invested in the business, and subsequently for such portions of his share of gains or losses as are intended to remain as an investment.

The Partner's Personal Account receives credit or debit, by reason of any deposits or withdrawals he may make of a temporary nature, not intended to increase or diminish his interest in the business.

His Personal account will be credited for the amount of salary earned or for other services rendered to the firm, and for interest accrued to him on his investment, if such credits are provided for in the partnership agreement, together with his share of the losses or gains when such are to be withdrawn or made good.

The Personal and the Investment accounts are designated by writing the word "Personal" or "Investment" after the partner's name in the ledger title, as, "C. F. Roberts, Personal," "C. F. Roberts, Investment."

Flour and Provision Business Continued.

Feb. 1. Mr. Roberts has entered into a contract of partnership with Mr. Geo. H. Adams, by the terms of which Mr. Adams is to contribute an investment of $4000 in cash, and acquire a one-half interest in the business. Mr. Roberts, whose present net capital is shown by the statement to be $4463.89, is allowed to reduce his credit to an equal amount with the investment of

Mr. Adams, by withdrawing $463.89 whenever he desires. Each partner is to receive a salary of $125 per month.

In the present business, Investment and Personal accounts will be kept with each partner.

The student may now make the opening entries required. Use the town and street number as in preceding transactions, instead of those given in the model, also the names, C. F. Roberts, and Geo. H. Adams, and the amounts of their investments as previously indicated, instead of those given in the model entry, also add any essential matter not given in the model entry.

The following entry, except as to names, dates and amounts, will serve as a model.

Rockford, Ill., Feb. 1, 190—

Chas. F. Jones and A. W. Anderson have this day formed a partnership in accordance with the terms of an agreement duly signed by both partners, by which they are to conduct a Flour and Provision business under the firm name of Jones & Anderson, at No. 216 Main Street, in the city of Rockford, state of Illinois.			
Chas. F. Jones contributes the value of his present net investment as shown by the books of the business hitherto conducted by him, and amounting to $4500.00, as entered below.			
Bills Receivable per Ledger Inventory value	1960 45		
Chattels " " " "	2096 40		
Expense " " " "	249 20		
Merchandise " " " "	6879 50		
Accounts Receivable " " " "	8376 40		
Bills Payable " " " "			1700
Accounts Payable " " " "			13361 95
Chas. F. Jones, Net Investment			4500
A W. Anderson contributes cash $4500, as per entry in Cash Book.			

As the resources and liabilities of Mr. Roberts' investment already appear on the books, an enumeration of them in the opening entry is made for the purpose of definitely listing them—none of the items will be posted from the journal. The Cash Account must be debited for the investment of Mr. Adams, and he will receive credit for same in his investment account.

Transactions for February.

Feb. 1. C. F. Roberts withdrew $463.89 from his credit in investment account and placed the amount to his credit in the private account. (Journal.)

Feb. 1. Received Randall & Sons' check in payment for bill of merchandise bought on his order, Jan. 27th, by A. C. Talbot.

Feb. 1. A. N. Davis hands us currency on account, $100.

" 1. Sold to S. B. Potter, at 10 days, 15 brls. Spy Apples @ $3.75, 20 brls. Sn. Flour @ $5.60.

Feb. 2. Geo. H. Adams has had delivered to him at his residence, 1 brl. A A Sugar, 296 lbs., @ 6½c, 2 brls. Apples @ $3.25, 5 bu. Potatoes @ 65c.

(Charge to Geo. H. Adams, Personal, through Sales Book.)

Feb. 2. T. W. McLean settles his account to date by delivering to us his note at 30 days. (As this is a final settlement, close and rule up the account.)

Feb. 2. We have received from T. C. French & Co., St. Louis, Mdse. per their invoice of Jan. 28th amounting to $648.70, and billed to us at 5/30.

5/30 means that the goods are sold to us on account at 30 days and that we are to be allowed a discount of 5% if we pay for them before the expiration of that time.

Feb. 3. Cash sales today, $352.90.

" 4. C. F. Roberts, partner, draws cash on account, $25. (Charge to his personal account.)

Feb. 4. Paid cash for freight on invoice of Mdse. received from St. Louis on the 2nd, $37.80.

Feb. 4. The Hamilton Tribune presents bill for advertising to date, which is paid in cash, $12.

Feb. 5. C. F. Roberts' note (one of the Bills Payable assumed by the firm) in favor of A. P. Hall, for $125 with accrued interest, $6.15, has been paid to Mr. Hall in cash.

Feb. 6. T. B. Jones has been buying produce for the firm since February 1. He has delivered at the warehouse merchandise per bills rendered amounting to $1529.60, and receives our check for the same.

Feb. 8. Cash sales today $438.90.

" 8. We have purchased for cash of the Western Grain Co., 3500 bu. Wheat @ 78c.

" 8. Paid store gas bill to Feb. 1, $6.90.

" 9. Geo. H. Adams draws cash on account of salary, $50. (Charge personal account.)

Feb. 10. Sold to L. Matthews, 50 bu. Potatoes @ 70c, 25 brls. Acme Flour @ $5.40, 15 brls. Onions @ $2.75, on account.

Feb. 10. A note of Geo. H. Adams in favor of L. Moore, for $560 with accrued interest, amounting to $17.40, has been paid in cash by the firm. Mr. A.'s personal account is charged with the amount in the Cash Book.

Feb. 11. C. F. Roberts purchases on his personal account, 1 brl. Apples @ $3.50, 5 bu. Potatoes @ 65c, 50 lbs. Sugar @ 5¼c.

Feb. 11. R. S. Bentley hands us his check in payment of his note amounting to $124.60 with accrued interest $11.25.

Feb. 12. We have delivered to the Western Milling Co., on account at 30 days, 500 bu. Wheat @ 85c.

Feb. 14. Geo. H. Adams, partner, has delivered to the firm his check for the amount of his note and interest favor of L. Moore, and which was paid from the firm funds on Feb. 10th.

Feb. 14. Sold to A. N. Davis, on account subject to discount of five per cent for payment within 30 days, 450 lbs. Lard @ 7¾c, 260 lbs. Butter @ 19½c, 40 bu. Beans @ $2.30.

Feb. 15. Geo. H. Adams draws cash on personal account, $75.

" 16. Cash Sales today $391.70.

" 18. Bought of T. S. Bell for cash, 15 tons Coal @ $7.20, for use in store.

" 19. Sold to the Central Produce Co., 120 cases Eggs @ $2.55, 375 lbs. Live Poultry @ 8½c. They hand us their check for $250 to apply. Balance at 30 days.

Feb. 21. C. F. Roberts, partner, has had delivered at his residence, 2½ tons of the firm's Coal, for which he is charged at the rate of $7.50 per ton. (Journal entry must be made. No Sales Book entry is required for the reason that Mdse. account is not credited.)

Feb. 21. Cash sales today $427.40.

" 22. The firm's bank account has been increased by the deposit of the firm's 90 day note for $2000. The bank credits us for the face of the note.

Feb. 24. Our produce buyer, T. B. Jones, receives the firm's check for $1357.20, being the amount of his purchase of produce since last settlement.

Feb. 25. C. F. Roberts withdraws $500 of the firm's funds, the amount being charged to his personal account.

Feb. 26. Cash sales today $561.20.

" 28. Each partner is credited with one month's salary. (Make entry in Journal, charging Expense.)

The partners have decided to close the books and credit up the gains to date.

Post all books, allowing G. H. Adams' Investment and the the two private accounts to occupy the spaces following C. F. Roberts' account.

Balance the Cash Book and take a trial balance, (by balances) of the accounts.

The Inventories are taken as follows:

Merchandise $5896.20, Chattels $575.00, Expense prepaid $225 00.

A statement of the business may now be made. By comparing the model partnership statement given below with the statement on page 34, it will be observed that while the general form is the same, there is a difference in details. (1) To save unnecessary labor, all accounts receivable and accounts payable are grouped under their appropriate headings and are entered as single items; (2) the computation of losses and gains is somewhat simplified by using the balances of the account instead of the ledger totals.

With reference to the distinction of a partnership statement from an individual statement, it will be noticed that the personal accounts of the partners, which never should amount to any considerable value, are listed as resources or liabilities, as a matter of convenience. In actual business, where all personal accounts are kept in ledgers separate from the ledger containing the general accounts of the business, the only practical method of handling the personal account is to place it with other similar accounts. Where a merely periodic statement is made, the balance called for in the personal account is not considered essential to the correctness of the statement. The disposition of the gains or losses not being determined, the statement closes without giving in detail each partner's interest.

Model Statement—Periodic.

February 28, 190—

RESOURCES.				
Cash		3279 19		
Merchandise—per Inventory		6029 31		
Chattels " "		480		
Expense " "		42		
Bills Receivable		1330 19		
Accounts Receivable		1295 30		
A—B—(partner) Personal Account		20 19	12476	18
LIABILITIES.				
Bills Payable		950 42		
Accounts Payable		2796 50		
C—D—(partner) Personal Account		126 80	3873	72
Present worth			*8602*	*46*
GAINS.				
	Inventory 6029.31			
Merchandise	Dr. Balance 3720.16	2309 15		
Interest	Cr. Balance	7 20	2316	35
LOSSES.				
	Dr. Balance 751.56			
Expense	Inventory 42.00	709 56		
	Dr. Balance 484.33			
Chattels	Inventory 480.00	4 33	713	89
Net Gain			1602	46
A—B— Investment Account		5000		
C—D— " "		2000	7000	
Present worth			*8602*	*46*

The partners, on examining the statement, have determined to close the books, and distribute the gains in the following manner: Each partner is to increase his net investment $750 and retain the balance of gains for his own personal use.

Follow the usual routine of closing the Ledger, distributing the gain to the proprietors' investment accounts, $750 each, and the remainder in equal divisions to the private accounts as shown in the model Loss and Gain account on page 56.

Model Loss and Gain Closing.

190–						190–					
Feb.	28	Expense	4	709	56	Feb.	28	Mdse.	3	2309	15
	28	Chattels	6	4	33		28	Interest	5	7	20
		A—B—Investment		*500*							
		C—D— "		*500*							
		A—B—Personal		*301*	*23*						
		C—D— "		*301*	*23*						
				2316	35						
										2316	35

After carrying the divisions of Loss and Gain accounts to the respective accounts indicated balance the proprietors' investment and personal accounts and take a trial balance of the ledger dating the trial balance March 1.

Mar. 1. Sold to A. N. Davis, on account 10 days, 300 bu. Potatoes @ 75c, 100 brls. Onions @ $3.

Mar. 2. Sold to Charles Daniels, on account 10 days, 20 brls. Apples @ $3.50, 40 brls. Snow Flour @ $5.75.

Mar. 3. Received of Western Milling Co., cash in full of account.

" 3. Received cash from L. Matthews, on account, $200.

" 4. Bought of Western Milling Co., on account, a bill of merchandise amounting to $790.60.

Mar. 5. Geo. H. Adams withdraws $200 cash for personal use.

" 6. Sold to S. B. Potter, on account 30 days, 60 cases Eggs @ $2.60, 25 brls. Flour @ $5.50.

Mar. 7. Geo. H. Adams owes a personal note for $2000 due to-day. C. F. Roberts consents to the payment of same in cash by the firm, which is done. As Adams agrees to reimburse the firm within a few days, the debit is made to his personal account.

Mar. 8. Paid cash for clerk hire, $29.

" 9. Geo. H. Adams withdraws cash $15 for personal use.

" 10. It is found that Geo. H. Adams is unable to reimburse the firm for the payments made on his account, and furthermore, he has other liabilities which render him an unsuitable partner; hence, the partnership is to be dissolved, both parties consenting. The business is to be continued by C. F. Roberts.

Preparatory to dissolution of partnership, credit each partner in personal account with ⅓ of monthly salary.

Make a statement of the business showing the basis on which a settlement is to be made between the partners. When a statement is made preparatory to a final settlement, the partners' personal accounts should be combined with the investment accounts.

The following inventories are taken:

Merchandise	$4917.62
Expense Prepaid	210.00
Chattels	575.00

The model form of closing statement is given on page 57. This form includes the same accounts as were given in the previous model statement, but the form is modified so as to admit of an exact basis of settlement between the partners.

Mar. 11. C. F. Roberts gives Geo. H. Adams his note payable in 30 days for Adams' interest in the business as shown by the statement, and Adams withdraws from the partnership. (Enter in Journal and post to Ledger.)

Close the partners' private accounts into their investment accounts. Close the loss and gain accounts and distribute the net loss or gain to the partners' investment accounts. Rule up the accounts with Geo. H. Adams.

A trial balance should now be taken.

Model Statement for Settlement.

March 11, 190___

RESOURCES.				
Cash			3279 19	
Merchandise per Inventory			6029 31	
Chattels " "			480	
Expense " "			42	
Bills Receivable			1330 19	
Accounts Receivable			1295 30	12455 99
LIABILITIES.				
Bills Payable			950 42	
Accounts Payable			2796 50	3746 92
Present Worth				*8709 07*
GAINS.				
	Inventory	6029.31		
Merchandise	Dr. Balance	3720.16	2309 15	
Interest	Cr. Balance		7 20	2316 35
LOSSES.				
	Dr. Balance	751.56		
Expense	Inventory	42 00	709 56	
	Dr. Balance	484 33		
Chattels	Inventory	480.00	4 33	713 89
Net Gain				1602 46
	Investment	5000.00		
A—B—Partner	Personal Dr.	20.19	4979 81	
A—B—½ Gain			801 23	
A—B—Present Interest				5781 04
	Investment	2000 00		
C—D—Partner	Personal Cr.	126 80	2126 80	
C—D—½—Gain			801 23	
C—D—Present Interest				2928 03
Present Worth				*8709 07*

General Review.

1. What is the use of the Cash Book?
2. In what respect does the Cash Book differ from the Cash account in the Ledger?
3. How do we post from the Cash Book?
4. How is the Cash Book balanced?
5. How do we mark Cash Book entries that do not require posting?
6. What is the use of the Sales Book?
7. Of what does each Sales Book entry consist?
8. How do we post debits from the Sales Book?
9. What credits do we post from the Sales Book?
10. What is the object of a Trial Balance?
11. Does the Trial Balance always prove that the Ledger is correct?
12. What steps should be taken if the Ledger is not in balance?
13. What should be done preparatory to closing the Ledger?
14. What inventories are resources, and what ones are liabilities?
15. How are inventories recorded in the Ledger?
16. What Ledger accounts are usually closed?
17. How should the closing Loss and Gain account be closed?
18. How should the proprietary account be closed?
19. What two Ledger accounts are usually kept with each partner?
20. How should the proprietors' personal account be closed?

Business Practice.

Thus far in this text we have given the principles of debit and credit with model forms illustrating standard methods of bookkeeping and historical memoranda of transactions for practice in the different books of record. It is hoped that the student has so fully mastered the routine of bookkeeping that he will be able in subsequent lessons to give attention to all matters belonging to the transaction.

A business transaction, unless it is a simple exchange of one commodity for another, involves three things: *the exchange* of values, *the proper papers* giving the facts or conditions agreed upon, and the *record* of the transaction. The papers pertaining to a transaction are usually written in standard forms adopted by usage of business men, and are called *Business Forms.* The records of transactions are generally written in blank books, and the process is called Bookkeeping.

The plan of our business practice is to have the student engage in business for himself, carry out the business transactions, write the proper business forms, and keep books as far as is practicable, exactly as he would do in real business. He is to buy and sell, and engage in other business dealings, strictly in accordance with the instructions accompanying the Routine of Transactions.

All business transactions in the Modern Inductive Bookkeeping are adapted to either the office or the tablet method of business practice. In the office method the student will carry out the given transaction at one of the office departments, and in the tablet course all transactions will be carried out by means of tablet forms and envelopes in his equipment. Instructions pertaining especially to the office method will be given in short lines on the left half of the page, and instructions for the tablet method will be given on the right half of the page. All lines extending across the page are intended for both courses.

Bank Deposits.

It is customary for business men to keep their money " on deposit" in banks, and to draw out or pay out this money when required, by means of orders on the bank, called "Checks."

A Deposit is a sum of money or other funds, placed in a bank and subject to check by the depositor.

A Bank Balance is the amount of money due the depositor, and it is equal to the sum of all his deposits, less the sum of all his checks.

Depositor's Signature.

The person opening a bank account is required to leave his signature at the bank in the exact form that he will use in signing checks, notes and other commercial papers. This signature may be recorded in a signature book kept by the bank, or it may be written on a card giving the same information.

The card is more convenient and is rapidly coming into use in place of the signature book. If the depositor is introduced to the banker by another person, the name of the latter is also recorded on the card.

Form of Signature Card.

NAME OF CORPORATION, FIRM OR INDIVIDUAL.

C. N. Benton

For THE EXCHANGE BANK, Clinton, Iowa.

Signatures and by whom made

C. N. Benton

Address 195 Second Ave.

Date Jan. 10, 190—

Introduced by C. M. Brown

Making a Deposit.

Form of Deposit Ticket, Currency Only.

EXCHANGE BANK.

DEPOSITED BY C. H. Benton

Clinton, Ia, Jan. 10, 190-

Currency	1000
Coin	
Other Items	
List Checks and Drafts	1000

Form of Deposit Ticket, Checks and Currency.

EXCHANGE BANK.

DEPOSITED BY C. H. Benton

Clinton, Ia, Feb. 2, 190-

Currency		151
Coin		
Other Items		
List Checks and Drafts	37 50	
	17 25	54 75
		205 75

The depositor lists the funds to be deposited on a form called a deposit ticket (sometimes also called a deposit slip) and passes this ticket, with the funds to be deposited, to the proper bank officer (usually the Receiving Teller), who counts the money and the checks, if any, to see that the amount agrees with the amount given on the deposit ticket. If it is found to be correct; the bank clerk enters the amount of the deposit in the depositor's Pass Book, as shown in the accompanying form.

If there are several checks or drafts to be deposited, the amounts of these papers are entered in the first set of columns, and their total is extended to the last set of columns, as illustrated in the second form of Deposit Ticket.

Form of Pass Book.

Dr. EXCHANGE BANK, In Acc't With C. H. Benton Cr.

190 Jan.	10	Deposit	1000				

Bank Checks.

A "Bank Check" is a written order, by means of which a depositor authorizes the bank to pay out money to the person named in the check.

Checks may be written payable to order or payable to bearer. It is better to make them payable to the order of the party you wish to pay, so that he may be required to indorse his name on the back of the check when the bank pays him. The paid checks are, at a later date, returned by the bank to the party who wrote them, and he can then file them away as receipts showing that he made the payments.

Parties to a Check. The person who issues the check is known as the "drawer." The Bank upon which the check is drawn is known as the "drawee" or "payer," and the person in whose favor the check is drawn is called the "payee."

The Check Book. The check blanks are usually bound in books, each check having a blank on the left margin, called the "stub," in which a record is kept of all facts pertaining to the check issued. The checks are printed in different styles, some check books having only a single check on a sheet or leaf, and others having two or more checks on a leaf.

The Check Stub. The check stub enables the drawer of a check to record the date and number of the check, to whom given, for what given, and the amount.

Form of Check With Stub Entry.

Sep. 1 1907.
No. 1
Favor Wilson Bros.
$600.00
For Acct

College City Sep 1, 1907 No. 1

Student's Commercial Bank

Pay to the Order of Wilson Bros $600.00

Six hundred IN COLLEGE CURRENCY. Dollars

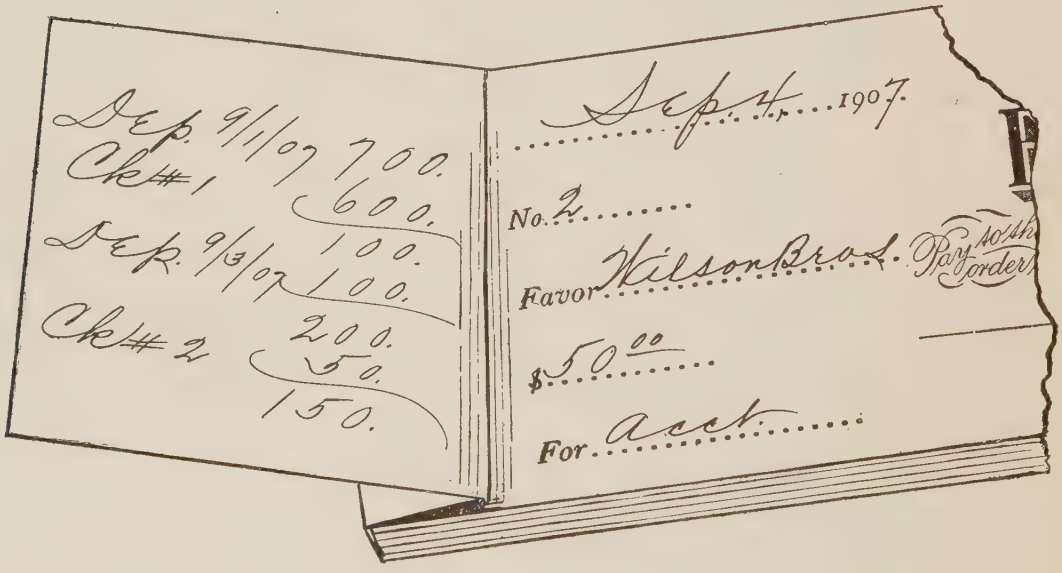
The Student

Explanation—The above form represents a single check with the entry on the stub. In this check Wilson Bros. is the *payee*, the student is the *drawer*, and the Student's Commercial Bank is the *payer or drawee*.

The stub of the check should always be filled out before the check is removed from the book, and, unless there is urgent haste, the balance should also be entered on the back of the check stub as illustrated in the form below.

In the model forms on pages 58 and 59 we have not given names and amounts like those in the student's transactions, but on page 60 we have made the amounts in the check and check stub the same as the student will have in his first check and the entries on the back of the check stub the same as the student will make after his second deposit in transaction 23 and his second check in transaction 25.

Back of Check Stub No. 1 and Front of Check Stub No. 2.

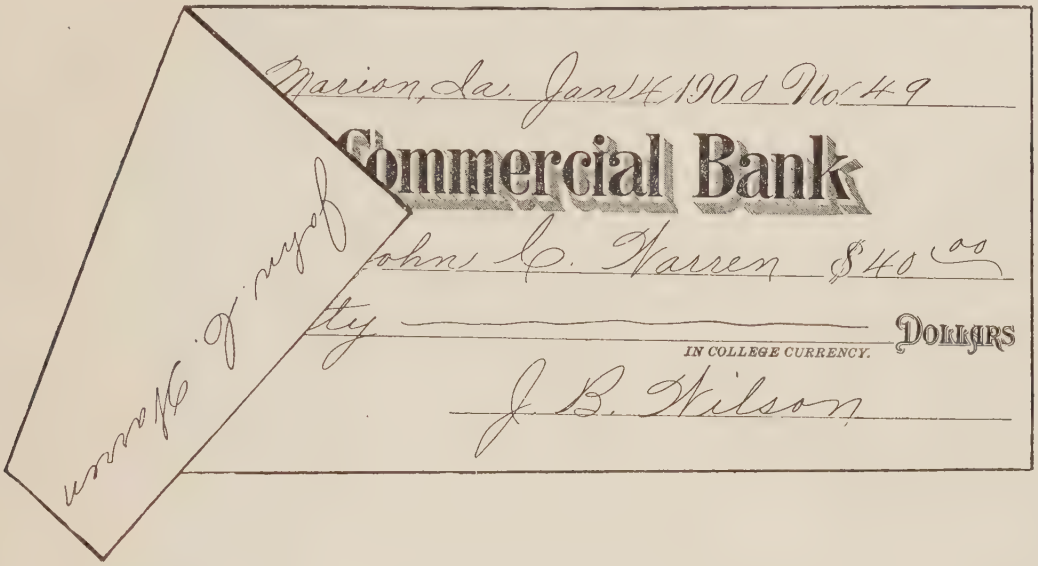


How to Indorse.

To "indorse" a check or other paper, is to write one's name on the back. This should be done across the left end of the paper. (See illustration.)

When checks or other commercial papers are presented at the bank, either for payment or deposit, they should be indorsed by the payee; this is required by banks. Hereafter, in your work, indorse all checks that you deposit, also those that you present to the bank for payment.

A Check Indorsed.



The chief purpose of an indorsement is to afford evidence that the check or other indorsed paper has been paid to the right person. The indorsement by the payee is equivalent to his receipt for the payment, if made. It also makes the indorser responsible for the payment and genuineness of the paper, to any person to whom it may be given in the course of business.

Balancing the Bank Pass Book.

In business the paid checks of a depositor are returned to him periodically by the bank, usually at the end of each month, or oftener if the depositor wishes them. The returned checks are accompanied by a list showing their amounts and totals, and by the depositor's pass book, duly written up and balanced, as illustrated in the accompanying form.

As soon as the student receives the cancelled checks, he should compare them with his check stub entries, checking all entries that have checks returned. If any of the checks issued by the student have not been presented to the bank for payment, the stub entries will remain unchecked, and the bank balance on the student's check book will exceed the balance on the pass book by the amount of these unpaid checks.

The following forms are for illustration and do not give the amounts that will appear in the student's bank statement.

List of Cancelled Checks.

The Customer Will Please Preserve This.

The Exchange Bank.

Checks Paid and Charged to Account of

C. H. Benton

From *Jan. 1* **190** *6* **To** *Feb. 1* **190** *6*

9	25
199	50
100	
4	75
50	
363	50

The Pass Book Balanced.

Dr. EXCHANGE BANK, In Acc't With C. H. Benton Cr.

1901					1901				
Jan	10	Deposit	1000		Feb.	6	Five ptd. checks		
	13	"	54	25			returned as per		
Feb.	2	"	205	75			Statement	363	50
							(Red Ink) Balance	896	50
			1260					1260	
Feb.	6	Balance	896	50					

A Bank Statement.

Many progressive banks have dispensed with the balancing of the pass book, using this book merely for recording the deposits and having the right and left pages of the book ruled the same. These banks render a statement to the depositor on the first of the month, with the cancelled checks, giving every deposit for the month and itemizing every check that has been paid for the depositor. The records are made on these statement sheets during the month as the transactions occur, and after the entries have been made for the closing business day of the month, the statement and cancelled checks for a depositor are placed in an envelope and are ready for delivery to him promptly on the first business day of the month. The plan of rendering a statement has many advantages over the older method of balancing the pass book, both for the banker and the depositor.

DEPOSITOR'S STATEMENT

THE EXCHANGE BANK OF MARION, IOWA For Month June 190—

In account with The Student Vouchers Returned 16

Checks Counted and Verified by Brown

Date		Explanation	Deposits		Numbers	Checks		Numbers	Checks		Numbers	Checks	
									297	06		525	43
190– June	1	Balance	125	62	1	37	50	8	21	25	16	7	25
	5	1	49	16	2	29	75	7	16	75	15	6	50
												539	18
	9	2	37	53	3	16	84	6	14	28			
	15	Smith & Co.	129	75	4	33	19	13	36	95			
	22	4	157	50	5	87	55	12	29	16			
	29	5	98	95	9	62	31	11	67	67	Deposits	598	53
			598	53							Checks	539	18
					10	29	92	14	42	31	Balance	59	35
						297	06		525	43			

☞Verify balance and vouchers at once. Failure to report errors in this statement within 15 days of its receipt, will release THE EXCHANGE BANK from all liability.

In the above form, the column with the heading "Explanation," is used for the word "Balance," the number of each deposit, counting from the beginning of the month, or for any other special explanation, as in the case of the third deposit; where the bank collected a draft for the student on Smith & Co., amounting to $130, from which they deducted 25c for collection. The column with the heading "numbers" is used for recording the check numbers. These numbers do not come in regular order, as some of the checks may not be presented at bank for payment as soon as other checks issued on the same day.

SET ONE.

Retail Grocery Business.

In the first half of Set One, the student will keep the books by Single Entry, using a day book, cash book, and ledger, and will keep an itemized record of all bills he renders for sales by means of carbon duplicates, a sale pad being used for cash sales, when itemized, illustrated on page 65 and a separate pad being used for each customer that buys on account, illustrated on page 70.

Single Entry Bookkeeping.

The student has observed that in Double Entry, every transaction involves equal debit and credit entries in the ledger. Single Entry differs mainly from Double Entry in having only personal accounts in the ledger, no ledger accounts being kept with other titles, such as Bills Receivable and Payable, Expense and property titles.

The books usually employed in Single Entry are a day book, cash book, bill book and ledger. If notes are not written and received, the bill book will not be used.

The Single Entry System is especially adapted to a small retail business, where the proprietor only wants to keep ledger accounts with persons that owe him or that he owes.

The Single Entry Day Book.

The Single Entry day book, also called the journal, is ruled like a Double Entry Journal, except that the vertical blue line is not required to separate the titles of account from the explanations.

In the Single Entry day book, the money columns are not distinguished as debit and credit columns, but the first set of columns, dollars and cents, is used for extending the items, and the last set is used for the total of each entry, the debit and credit being indicated by the abbreviation "Dr." or "Cr." written after the title in each entry.

Purchases on account will not be itemized in the day book if they are accompanied by an invoice, and sales on account will only be entered in the day book, when bills are not rendered and duplicate copies of the same are not kept.

If we wish to make historical or memorandum entries in the day book that do not show debits or credits, we can use any descriptive style that may be brief and plain, and omit the term Dr. or Cr.

Opening Entry in Single Entry Day Book.

Waterloo, Iowa, Feb. 1, 1907

			The student began a retail grocery business this day with a cash capital of $900-as per entry in cash book.		
Feb	1		Wilson Bros. Cr.		1200
			Stock of mdse and fixtures as per bill of sale this date.		

Single Entry Cash Book—Left Folio.

Cash Rec'd

190-						
Feb.	1	✓	Invested in business			900
	2	✓	Sundry cash sales	35	93	
	3	✓	" " "	49		
	4	✓	" " "	21	38	

The Single Cash Book.

The Single Entry cash book is kept the same as in Double Entry, except that titles of other than personal accounts are not given, and only debits and credits of personal accounts are posted.

Sales at retail for cash, if not entered in the duplicate sale pad or cash register, are usually kept on file and at the close of the day are entered in the cash book in one amount.

Transactions.

1. Begin business at 329 Second St. with a cash capital of $800.

You will find the cash in the "Cash Envelope" in your office file. The cash envelope represents your safe, where all cash should be kept that is not required in the cash register. (See the Cash Register, page 66). If the amount is incorrect, report to your teacher.

2. Deposit cash in bank $700, filling out a deposit ticket.

Office Course. Leave your signature at the bank with your first deposit, and see that the amount of your deposit is properly entered in your pass book.

Tablet Course. Let "Outgoing Papers" in your office file represent your bank. Place in it the cash and the deposit ticket and record the deposit in your pass book.

3. Buy of Wilson Bros. their stock of merchandise and store fixtures for a consideration of $1000, giving your check for $600 to apply on the purchase price and leaving the balance on account.

Fill in your name and the current date in the papers you receive. Credit the firm for the entire purchase price in the day book, and debit them in the cash book for the amount paid them. In Set One the merchandise will not be represented by merchandise tickets, inventories being given in the text when they are required.

Office Course. Make this purchase at the Wholesale Office or the Commercial Exchange, as the teacher may direct, paying the required cash when you receive the Bill of Sale.

Tablet Course. Receive a bill of sale and a receipt through your tablet, and deliver the cash through "Outgoing Papers."

4. Order the following merchandise on account, using a duplicate order ticket: 5 brls. Apples, 10 bu. Onions, 100 lbs. Beans, 2 boxes Cheese, 20 bu. Potatoes.

The carbon copy of your order will remain in the order book as a memorandum of the order.

Office Course. If you carry out this transaction at the Commercial Exchange, order of the Fenton Produce Co. If you deal with the wholesale office, order of the firm designated by the teacher.

Tablet Course. Order the above supplies of The Fenton Produce Co., sending your order through "Outgoing Papers." Their invoice will be delivered through your tablet.

Enter above invoice in your day book, following the model form below, except as to date and amount.

Feb.	2	Fenton Produce Co.	Cr.			31 25
		Mdse per Invt.				
		2% 10 days.				

Single Entry Cash Book—Right Folio.

Cash Paid

190-							
Feb	1		Wilson Bros on acct	600			
		✓	Cleaning store & Turner	2			
		✓	Sundry produce	15	20		
	2	✓	" "	5	10		
			Wilson Bros on acct	50			

5. Sell to James Armstrong, 127 Third St., to be delivered by 9 a. m., collecting cash for the bill, 5 lbs. A Sugar @ 6c, 1 lb. Mocha Coffee @ 40c, 2 doz. Eggs @ 18c, 4¼ lbs. Ham @ 14c, ½ bu. Apples @ $1.50.

Enter this sale in your cash sale pad, following the instructions given on the cover of the pad. Your entry in the sale pad will be like the following, with the exception of your name as proprietor, your town and the current date. Bills written on cash sale tickets will not need to be marked "Paid."

Sheet from the Cash Sale Pad

DUPLICATE SALE TICKET.

The Student

DEALER IN **General Merchandise.**

College City Feb 2, 1907.

Sold to James Armstrong

127 Third St.

Salesman OK Time 10 A.

5	# A Sugar .06		30
1	# Mocha Coffee		40
2	doz Eggs .18		36
4¼	# Ham .14		60
½	bu Apples 1.50		75
		2	41

CASH SALE

Office Course. Deliver this sale ticket at the Commercial Exchange and receive the cash.

Tablet Course. Deliver this sale ticket through "Outgoing Papers" and take the cash from "Incoming Currency."

Place this cash in envelope marked "Cash Register" without making entry of it except in the column of the Register marked "Cash Sales."

The Cash Register. The modern cash register is used for keeping a large proportion of the records of a retail business. It can be used either with Single or Double Entry bookkeeping. It registers and keeps in separate columns the amount of sales for cash, cash received on account, sales on account, and cash paid out. These separate columns are added automatically, enabling the merchant to determine the amount of each and transfer it to his books of record. In the student's business equipment we have furnished a special envelope to be used for a cash register, with a pad of record sheets ruled in columns for the four divisions of records made in the modern registers. With the exception of registering amounts with a pencil instead of striking keys that register the figures, the accounting methods will be the same. The form on the next page represents one of the record sheets filled out for a day's transactions. The amount in circle represents the small bills and fractionals that are placed in the register at the beginning of the day, and as no balance is placed in the register at the beginning of this Set, the student will have no such balance on his first record sheet.

6. Sell C. E. Bonner, 229 Fourth Avenue, to be delivered by 10 a. m., 6 lbs. G Sugar @ 6½c, 2 cans Peaches @ 25c, 6 cakes Ivory Soap @ 5c, 5½ lbs. Butter @ 22c, 1 pk. Turnips 18c, 2 gals. Maple Syrup @ 75c, 2 lbs. Coffee @ 35c, collecting cash for the bill.

Follow the routine given for Transaction No. 5.

7. The Union Hotel Co., 316 Park Avenue, order on account for delivery at 10 a. m., 100 lbs. G Sugar @ 6½c, 20 lbs. Mocha Coffee @ 40c, 10 doz. Eggs @ 18c, 1 doz. Canned Peaches @ 25c per can, 5 lbs. Japan Tea @ 45c, 15 lbs. Ham @ 11c, 1 box Grapes, 20 lbs. @ 12c.

Select one of your account pads for the Union Hotel Co., writing their name on the cover. Make entry on the first white sheet and carbon duplicate on the yellow sheet, like the form on page 70, except that the amount forwarded will be blank on the first sale.

Office Course. Deliver this sale ticket at the Commercial Exchange.

Tablet Course. Deliver this sale ticket through "Outgoing Papers."

Enter the amount of this sale in your cash register in the column marked "Sales on Account."

8. Sell John Emery, 492 Third Avenue, 2 pa. Rolled Oats @ 10c, 2½ lbs. Cheese @ 15c, 4 lbs. Prunes @ 12½c, 3 lbs. Java Coffee @ 35c, collecting cash for the bill.

Follow the usual routine for cash sales. If the time for delivering the merchandise is not specified in the order, the time will be left blank in the sale ticket.

9. Pay John Turner cash for cleaning store room, $2, taking no receipt.

Follow the usual routine, delivering a slip of paper with the currency descriptive of the transaction. Take the money out of your cash register, leaving a ticket in the register for entry at the close of the day.

10. Sell the City Restaurant, 168 Second Street, for delivery at 11 a. m., 1 brl. Apples @ $3.25, 75 lbs. A Sugar @ 6c, 10 bu. Potatoes @ 50c, 5 lbs. Rice @ 9½c, collecting cash.

Hereafter the student will follow the usual routine in the case of cash sales unless special instructions are given.

11. Sell A. R. Baker, 212 Second Street, on account, 4 lbs. Apricots @ 15c, 6 cakes Ivory Soap @ 5c, 5 lbs. Butter @ 20c, 50 lbs. C Sugar @ 5½c, 3 lbs. Java Coffee @ 35c, 2 gal N. O. Molasses @ 40c, 10 lbs. Beans @ 5c.

Give Baker an account pad and proceed with the transaction as you were instructed to do in Transaction 7.

12. Sell Mrs. N. Hammond, 217 Sixth Street, ½ lb. Japan Tea @ 45c, 1½ bu. Potatoes @ 50c, 4 lbs. Rice @ 10c, 10 lbs. C Sugar @ 5½c, 4 lbs. Rio Coffee @ 25c, 1 sk. Flour @ 75c, 12 lbs. Mess Pork @ 9c, collecting cash.

13. Sell Henry Keister, 459 Sixth Street, 1 bu. Onions @ 95c, 6 cans Corn @ 16⅔c, 4 heads Cabbage @ 10c, 1½ doz. Oranges @ 25c, 10 lbs. Beans @ 5c, 12 lbs. G Sugar @ 6¼c, collecting cash.

14. Sell Mrs. M. J. Fletcher, 326 Archer Avenue, on account, to be delivered by 3 p. m., 5 lbs. Butter @ 20c, 2 gals. Maple Syrup @ 75c, 5 lbs. Laundry Starch @ 10c, 10 lbs. Rio Coffee @ 25c, 2 doz. Lemons @ 25c, 2 sks. Flour @ 75c, 1 lb. Eng. Breakfast Tea @ 50c.

Give Mrs. Fletcher an account pad, and proceed as in Transaction 7.

15. Sell N. M. Martin, 424 Third Street, 6 lbs. Grapes @ 12c, 3 lbs. Java Coffee @ 35c, 8 lbs. G Sugar @ 6½c, 6 lbs. L. Starch @ 10c, 4 doz. Lemons @ 25c, 1 lb. Eng. Breakfast Tea @ 55c, collecting cash.

A Day's Record Sheet.

Cash Sales	Sales on Account	Cash on Account	Cash Payments
15 17	6 30	15	5
10 45	26 95	5	2 5
5 50			
6 33			
10 50			
47 95	33 25	20	7 50

16. Pay cash for sundry farm produce, $15.20.

Office Course. Hand the currency to the Commercial Exchange, with a ticket describing the transaction.

Tablet Course. Place the currency in "Outgoing Papers," with a ticket describing the transaction.

Enter this transaction in your cash register in the column "Cash Payments" and place a ticket in the register describing the transaction for entry later.

Proving Cash. It is customary for the business man to prove his cash in the cash register at the close of the day and remove the cash to his safe, leaving the register empty until the opening of business next day, when a supply of small change is placed in the register for making change.

Summaries from the Cash Register. For statistical purposes, a daily summary of all results shown on the cash register should be transferred on a summary sheet. For convenience these sheets are bound in book form. The form on page 68 represents a day's transactions in which all of the spaces on the summary sheet are used, the cash entries being taken from the record sheet on this page. The student will readily see that not all of the spaces will be required on the first summary sheet.

The student may fill out the first summary sheet in his book, using the date of Transaction 16.

In order to secure uniform results in Set One, we have arranged for proving cash and making entries at the close of Transactions 16, 31, 42, etc., and these entries will have the current datings on the student's books. The student's cash register at the close of Transaction 16 will show entries in three columns, each of which should be footed up. The footing of "Cash Sales" will show the cash placed in the register ($35.73), the footing of "Cash Paid" will show the money taken out ($17.20), and the difference between these footing will show the balance in the register ($18.53). As the student's work in Transaction 17 is likely to follow the balancing of the cash register without much delay, the student may place $10 in the safe (cash envelope) and keep $8.53 in the register for making change.

Entries from the Cash Register. Enter the total of "Cash Sales" in your Cash Received, like the second entry in the model cash book on page 64. The two tickets for cash payments should be entered in your Cash Paid, like the second and third entries in the model cash book on page 65 the entry from the check book being written first. The model entries do not always have the same amounts that the students' books will have.

In making the daily cash proof, the amount in register plus the amount in safe will make the cash on hand.

A Sheet from the Summary Book

Summary of Cash, Sales, and Accounts Receivable.

Transaction No. 73 Feb. 8, 1907

CASH.

Cash Carried over			15	17
Total footing 47.95				
Cash Sales Less carried over 15.17	32	78		
Cash Received on Account	20			
Total Cash Received			52	78
Total Received in Register			67	95
Cash Payments			7	50
Cash in Register			60	45

SALES TO DATE.

Sales Forward	~~288 86~~		288	86
Cash Sales	32	78		
Sales on Account	12	57	45	35
Total			334	21
Less Returned Goods and Allowances				45
Total Sales to Date			333	76

ACCOUNTS RECEIVABLE.

Balance Forward	86	14		
Sales on Account	33	25	119	39
Credited on Account: Cash $ 20 Allowances $ 45			20	45
Balance of Accounts Receivable			98	94

Before beginning the next group of transactions, remove the first record sheet from the cash register pad and enter on the second sheet in the "Cash Sales" column, the balance of cash in the register, drawing a circle about the amount, to indicate that it is to be deducted from the total of the column to show the cash sales for the day. (See Model Record Sheet on page 67.)

17. Sell W. C. Norton, 213 Third Avenue, 25 lbs. A Sugar @ 6c, 4 lbs. Apricots @ 15c, 2 sks. Flour @ 75c, 1 sk. Corn Meal @ 45c, 5 lbs. Mocha Coffee @ 40c, 6 doz. Eggs @ 18c, collecting cash.

18. Pay cash for sundry farm produce, $5.10.

Dispose of this transaction the same as you were instructed to do in Transaction No. 16.

19. Sell to John Thomas, 419 Grand Avenue, on account, to be delivered before 1 p. m., 2 doz. Bananas @ 15c, 4 lbs. Prunes @ 12½c, 2 gals. Crystal Syrup @ 35c, 3 lbs. Java Coffee @ 35c, 2 doz. Oranges @ 25c, ½ lb. Cheese @ 15c, 2 lbs. Japan Tea @ 35c, 50 lbs. G Sugar @ 6½c.

Give Thomas an account pad.

20. Sell E. H. Preston, 195 Second Avenue, 1 lb. Y. H. Tea @ 45c, 2 doz. Bananas @ 15c, 2 gals. Crystal Syrup @ 45c, 4 lbs. Java Coffee @ 35c, 7 lbs. Bacon @ 12½c, 12 lbs. G Sugar @ 6¼c, collecting cash.

21. Order the following merchandise on account, using an order ticket as usual: 1 bag Mocha Coffee, 1 brl. N. O. Molasses, 1 sack Rice, 1 box Starch.

Follow the instructions given in Transaction No. 4, ordering of Dalton & White, unless the teacher designates another firm.

22. Sell Mrs. E. M. Sawyer, 419 Third Street, 3 doz. Eggs @ 18c, ½ bu. Apples @ $1.50, ½ bu. Turnips @ 75c, 2 bunches Radishes @ 10c, 2 lbs. Cheese @ 15c, collecting cash.

23. Deposit cash in bank, $100.

24. Sell Cyrus Upton, 498 First Avenue, 6 cans Peaches @ 25c, 12½ lbs. Ham @ 14c, 7 lbs. Apricots @ 15c, 20 cakes Ivory Soap @ 5c, 15 lbs. Beans @ 5c, collecting cash.

25. Give Wilson Bros. a check for $50 to apply on account, taking a receipt for same.

Office Course. Leave this check at the Commercial Exchange and call for the receipt.

Tablet Course. Deliver the check through "Outgoing Papers" and remove the receipt from your tablet.

26. Sell E. M. Webster, 212 Fourth Street, 2½ bu. Potatoes @ 50c, 10 lbs. Rice @ 10c, 12 lbs. C Sugar @ 5½c, 11 lbs. Bacon @ 12½c, 4 hds. Lettuce @ 5c, 2 sks. Table Salt @ 10c, collecting cash.

27. Sell Henry Custer, 399 Center Street, on account, to be delivered at once, 50 lbs. Mess Pork @ 9c, 4 sacks Flour @ 75c, 10 lbs. Butter @ 20c, 5 bu. Potatoes @ 50c, 1 bu. Onions @ 95c, 5 hds. Cabbage @ 10c, 2 bunches Radishes @ 10c.

Give Custer an account pad.

28. Sell the City Restaurant, 168 Second Street, for cash, to be delivered at once, 10 pkgs. Rolled Oats @ 10c, 10 lbs. Y. H. Tea @ 40c, 10 gals. Crystal Syrup @ 35c, 10 lbs. Cheese @ 15c, 1 brl. Apples @ $2.75, 1 brl. Flour @ $5.50, 5 cans Peaches @ 25c, collecting cash.

29. Sell the Union Hotel Co., 316 Park Avenue, on account, to be delivered at once, 10 lbs. Cheese @ 14½c, 50 lbs. Butter @ 18¾c, 25 lbs. Bacon @ 12c, 1 brl. Flour @ $5.50, 6 gals. Maple Syrup @ 70c, 120 lbs. C Sugar @ 5¼c.

Enter this sale on the second white sheet of the Union Hotel Co.'s account pad, bringing forward the amount of the previous sale as illustrated on page 70. Remove the white sheet and deliver it to the customer in the usual manner.

30. Sell A. R. Cushman, 116 Ninth Street, 5 lbs. Java Coffee @ 35c, ½ bu. Onions @ 95c, 3 gals. Maple Syrup @ 75c, 3 hds. Cabbage @ 10c, collecting cash.

31. Sell A. R. Baker, 212 Second Street, on account, to be delivered by 1 p. m., 16 cans Corn @ 16⅔c, 10 cakes Ivory Soap @ 5c, 4 doz. Eggs @ 15c, 25 lbs. A Sugar @ 6c, 2 sks. Corn Meal @ 45c, 50 lbs. Bacon @ 12½c.

Enter this sale on Baker's account pad, forwarding the amount of the previous sale.

Total your cash register, and transfer all cash except $12.43 to your safe (cash envelope) as instructed after Transaction 16. Make summary entries as you did after Transaction 16, enter in cash book, and test your cash book footings without balancing.

32. Sell Hiram Oxley, 672 Tenth Street, 2 gals. N. O. Molasses @ 50c, 3 lbs. Java Coffee @ 35c, 2½ lbs. Cheese @ 15c, 7 lbs. Mess Pork @ 9c, 4 hds. Cabbage @ 10c, 3 hds. Lettuce @ 5c, 2 sks. Flour @ 75c, collecting cash.

33. Sell John Thomas, 419 Grand Avenue, on account, to be delivered by 2 p. m., 12 lbs. Bacon @ 12½c, 2 sks. Table Salt @ 10c, 4 doz. Eggs @ 18c, 25 lbs. A Sugar @ 6c, 5 lbs. Mocha Coffee @ 40c, 12 lbs. Beans @ 5c, 6 lbs. Rice @ 10c.

Enter this sale on Thomas's account pad, forwarding the amount of the previous sale.

A Sheet from an Account Pad

Charge Sale Ticket

The Student

DEALER IN **General Merchandise.**

College City Feb. 3, 1907

Sold to Union Hotel Co

316 Park ave

Salesman CK Time 9 a.m.

		Forwarded		7	56 0
10# Cheese	14½	1	45		
50# Butter	18¾	9	38		
75# Bacon	12	3			
1 bbl. Flour		5	50		
6 gal. M Syrup	70	4	20		
140# C sugar	05½	6	30	7	83
				55	43

34. Sell Chas. E. Gordon, 617 Fifth Avenue, on account, to be delivered before 4 p. m., 25 lbs. C Sugar @ 5½c, 2 doz. Bananas @ 15c, 4 lbs. Cheese @ 15c, 1 bu. Potatoes @ 50c, 5 lbs. Butter @ 20c, 4 lbs. Java Coffee @ 35c, 8½ lbs. Ham @ 14c.

Give Gordon an account pad.

35. Sell J. C. Jackson, 457 Eighth Street, 2 doz. Bananas @ 15c, 9 lbs. Bacon @ 12½c, 2 sks. Flour @ 75c, 2 lbs. Eng. Breakfast Tea @ 55c, 16 lbs. G Sugar @ 6½c, 3 lbs. Mocha Coffee @ 40c, 2 doz. Oranges @ 25c, collecting cash.

36. Deposit cash in bank, $50.

37. Sell Cyrus Gordon, 422 Fourth Street, 2 lbs. Y. H. Tea @ 45c, 25 lbs. A Sugar @ 6c, 3 cans Peaches @ 25c, 6½ lbs. Ham @ 14c, ½ bu. Turnips @ 75c, 5 lbs. Mess Pork @ 9c, collecting cash.

38. Pay cash for Butter and Eggs, bought of farmers, $12.50.

39. Give your check in payment of the invoice purchased in Transaction 4 after deducting a cash discount of 2 per cent.

Office Course. Make this payment at the office where you purchased the merchandise and call for a receipt in full.

Tablet Course. Make this payment through "Outgoing Papers" and take receipt from your tablet.

Enter this transaction in day book and cash book in the following manner, using different firm name and amount if necessary:

Day Book Entry for Payment with Discount

Feb.	5	Trenton Produce Co. 4			33 60
		Cash per ck #9		32 93	
		Discount 2%		67	

Corresponding Cash Paid Entry

Feb.	5	✓ Day Book) Trenton Prod. Co		32 93	

40. Sell Mrs. M. J. Fletcher, 326Archer Avenue, on account, 4 pa. Rolled Oats @ 10c, 2 cans Peaches @ 25c, 1 bu. Apples @ $1.25, 5 lbs. Butter @ 25c, 2 sacks Flour @ 75c, 20 lbs. G Sugar @ 6½c, 2 lbs. Cheese @ 15c.

Enter this sale on Mrs. Fletcher's account pad, forwarding the amount of the previous sale.

41. Pay Thomas Trenton cash for delivering merchandise to city customers, $2.75, taking no receipt.

Deliver this cash in the usual manner.

42. Sell Charles Daniels, 214 Seventh Street, 3 pa. Rolled Oats @ 10c, 7 lbs. Bacon @ 12½c, 3 gals. Crystal Syrup @ 45c, 4 lbs. Rio Coffee @ 25c, 6 doz. Eggs @ 18c, collecting cash.

Total and prove your cash register without making any transfer to the safe, make your summary entries, and write up and test the cash book without balancing.

43. Sell Mrs. J. G. Vance, 192 Third Avenue, 7½ lbs. Grapes @ 12c, 6 lbs. Beans @ 5c, ½ lb. Eng. Breakfast Tea @ 55c, 10 lbs. A Sugar @ 6c, 6 cans Corn @ 16⅔c, 1 gal. Crystal Syrup @ 45c, 2 bunches Radishes @ 10c, collecting cash.

44. Collect cash from the Union Hotel Co. on account, $30.

Forward the amount of their account to the next white sheet in their account pad and give credit for cash, showing balance unpaid, as illustrated in the form below.

A Sheet from the Account Pad with Credit Entry

Charge Sale Ticket

The Student

DEALER IN **General Merchandise.**

College City, Feb. 4, 1906

Sold to Union Hotel Co.

Salesman C.K. Time

	Forwarded		5543
Cr.			
By Cash			30
			2543

Enter this cash in your "Cash Register" in the column "Received on Account."

45. Collect cash from Henry Custer on account, $10.

46. Pay cash for produce bought of sundry farmers, $12.50.

Enter in cash register, "Cash Payments," and place ticket in register.

47. Sell City Restaurant, 168 Second Street, for cash, to be delivered at once, 5 lbs. Japan Tea @ 42c, 12 gals. Maple Syrup @ 62½c, 12 lbs. Mocha Coffee @ 37½c, 25 lbs. Butter @ 18c, 24 lbs. Beans @ 4¾c, 6 doz. Lemons @ 23c, 6 doz. Bananas @ 13c, collecting cash.

48. Purchase the following merchandise on account, writing an order ticket as usual: 10 sacks Corn Meal, 20 sacks Flour, 2 cases Oat Meal.

Follow the usual routine, ordering of the Western Milling Co., unless the teacher designates another firm.

49. Sell C. E. Bonner, 219 Fourth Avenue, 12 lbs. Beans @ 5c, ½ bu. Turnips @ 75c, 1 doz. Lemons @ 25c, 3 hds. Cabbage @ 10c, 12 lbs. Bacon @ 12½c, 1 lb. Cheese @ 16c, 1 lb. Butter @ 18c, collecting cash.

50. Collect cash of Mrs. M. J. Fletcher to apply on account, $10.

Proceed as in Transaction 44.

51. Sell T. R. Rich, 482 Fourth Avenue, 6 lbs. Prunes @ 12½c, 2½ lbs. Cheese @ 15c, 6 cans Corn @ 16⅔c, 6½ lbs. Ham @ 14c, 5 lbs. Rio Coffee @ 25c, 1 lb. Japan Tea @ 45c, collecting cash.

52. Give your check to pay for the invoice received in Transaction 21, less a discount of 2 per cent.

Proceed as in Transaction 39.

53. Sell Mrs. John Leonard, 616 Fifth Avenue, 3 doz. Bananas @ 15c, 2 sks. Table Salt @ 10c, 2 hds. Lettuce @ 5c, 11½ lbs. Mess Pork @ 9c, 1 sk. Corn Meal @ 45c, 2 pa. Rolled Oats @ 10c, collecting cash.

54. Sell Henry Custer, 399 Center Street, on account, 3 cans Peaches @ 25c, 1 sk. Corn Meal @ 45c, 2 lbs. Cheese @ 15c, 50 lbs. G Sugar @ 6½c, 4 doz. Eggs @ 15c, 3 lbs. Java Coffee @ 35c, 2 gals. Maple Syrup @ 75c, 4 lbs. Butter @ 22½c.

55. Pay cash for farm produce, $7.50.

56. Sell E. A. Inman, 412 Fourth Avenue, 2 lbs. Mocha Coffee @ 40c, 2 lbs. Java Coffee @ 35c, 20 lbs. G Sugar @ 6½c, 12½ lbs. Ham @ 14c, 1½ bu. Potatoes @ 50c, 3 cans Corn @ 16⅔c, collecting cash.

57. Sell Charles E. Gordon, 617 Fifth Avenue, on account, 25 lbs. A Sugar @ 6c, 3 doz. Eggs @ 18c, ¼ bu. Apples @ $1.50, 1 bu. Potatoes @ 50c, 1 sk. Flour @ 75c, 2 hds. Lettuce @ 5c.

58. Sell C. D. Fletcher, 219 First Street, 3 gals. Maple Syrup @ 75c, 5 lbs. L. Starch @ 10c, 2 doz. Lemons @ 25c, ½ lb. English Breakfast Tea @ 55c, 2 bunches Radishes @ 10c, 2 sks. Corn Meal @ 45c, collecting cash.

Total and prove your cash register entries and transfer $80.00 to the safe. Make summary entries, write up and test the cash book without balancing. The cash debit will include "total cash received."

Place and enter small bills and fractionals, $15.17, in the cash register preparatory to the next group of transactions.

59. Henry Custer returns 1 sk. of Corn Meal, reporting it damaged.

Make an entry in Custer's account pad, like the model credit form on page 72 naming the item returned instead of Cash, and deliver the white sheet the same as in a sale. Place a ticket in the register recording the value of goods returned, for entry in the summary sheet.

60. Sell S. L. Johnson, 119 Second Street, for cash, 18 lbs. Bacon @ 12½c, 6 lbs. dried Apricots @ 15c, 5 lbs. Butter @ 22c, 2 lbs. English Breakfast Tea @ 50c, 3 doz. Lemons @ 25c, 3 lbs. Cheese @ 15c, 20 lbs. C Sugar @ 5c, 30 lbs. Rice @ 10c.

61. Pay cash for farm produce, $5.

62. Buy the following merchandise on account, delivering an order ticket and receiving the invoice: 1 box Hams, 1 brl. Mess Pork, 1 box Bacon.

Follow the usual routine, buying of the Harmer Packing Co., unless the teacher designates another firm.

63. Sell John Thomas, 419 Grand Avenue, on account, 1 bu. Apples @ $1.50, 5 lbs. Butter @ 24c, 12 lbs. G Sugar @ 6½c, 1 bu. Potatoes @ 50c, 2 gals. Crystal Syrup @ 35c, 4 doz. Eggs @ 18c, 2 lbs. Japan Tea @ 45c.

64. Five sacks of Corn Meal purchased in Transaction 48 are unsalable and should be charged back to the firm who sold them to you, and at the price billed in your invoice.

Make an entry in your day book like the form on page 74

Debit for Returned Goods in Single Entry Day Book

Feb.	6	Western Milling Co. Dr.			1 50
		5 sks Oatmeal @ 30 Returned			

Notify the firm and ask them to give you credit for the returned goods.

65. Give your check for one month's rent of your store room, $30, taking a receipt.

Office Course. If you have a Real Estate Agency, make the check payable to the manager of the agency and take his receipt; otherwise, make the payment at the Commercial Exchange, writing the check in favor of the Union Real Estate Company.

Tablet Course. Write the check in favor of J. Harper, and deliver the check through "Outgoing Papers." Take the receipt from your tablet.

66. Sell Cyrus Gordon, 422 Fourth Street, 2 lbs. Mocha Coffee @ 40c, 25 lbs. A Sugar @ 6c, 4 doz. Eggs @ 18c 1 bu. Apples @ $1.50, 10 cakes Ivory Soap @ 5c, ½ bu. Onions @ 95c, collecting cash.

67. Sell Union Hotel Co., 316 Park Avenue, on account, 60 cakes Ivory Soap @ 4½c, 24 lbs. Java Coffee @ 33⅓c, 50 lbs. Ham @ 12½c, 6 doz. Lemons @ 20c, 100 lbs. A Sugar @ 5¾c, 10 hds. Cabbage @ 8c, 5 lbs. English Br. Tea @ 45c.

68. Collect Cash of A. R. Baker on account, $15.

Proceed as in Transaction 44.

69. Pay cash for sundry farm produce, $2.50.

70. Sell C. D. Fletcher, 219 First Street, 3 doz. Bananas @ 15c, 2 gals. Crystal Syrup @ 45c, 4½ lbs. Cheese @ 15c, 20 lbs. Mess Pork @ 9c, 4 hds. Cabbage @ 10c, 2 bu. Onions @ 95c, 4 hds. Lettuce @ 5c, collecting cash.

71. Collect cash of Charles E. Gordon on account, $5, giving a receipted account slip.

72. Sell A. R. Cushman, 116 Ninth Street, 5 lbs. Grapes @ 12c, 16 lbs. Rice @ 10c, 8 lbs. Rio Coffee @ 25c, 4 sks. Flour @ 75c, 16 lbs. Bacon @ 12½c, 20 lbs. G Sugar @ 6½c, collecting cash.

73. Deposit cash in bank, $80.

Total and prove your cash register entries and transfer all cash to the safe. Make the summary entries, write up and test the cash book, and balance the cash book preparatory to making a statement.

Test the sales on account pads by making a total of the balances there shown to compare with the balance of Accounts Receivable given in summary.

Posting to the Single Entry Ledger. As explained on page 63, the single entry ledger contains accounts with persons only, and when account pads are used, the ledger will only have accounts with persons other than customers. In posting from the day book and cash book to date, only five ledger titles are required, which should be entered in the ledger for Business Practice and indexed as follows: Wilson Bros. on upper half of page 24, Fenton Produce Co. on lower half of page 24, Dalton & White on upper half of page 25, Western Milling Co. on lower half of page 25, and Harmer Packing Co. on page 26. The student will post the debits and credits from the day book and cash book to these accounts in the usual manner, postmarking all items posted, as explained in preceding pages.

The Single Entry Statement. It is now desired to change the system of bookkeeping to double entry, and preparatory to this step a statement is required. The sources of information for the statement in this set are the ledger, cash book and inventories. The following are the inventories: Cash register, sales, etc., $125, merchandise unsold, $823.11, rent prepaid, $25, and the balances shown on the six account pads.

The student may make a statement like the model form on page 75, using the balances from his cash book and ledger.

A Form of Single Entry Statement

Resources		
Cash	215	
Store Fixtures	125	
Mdse unsold	725	
Sales - accts from summary	96	
Rent prepaid	20	
Total Resources		1181
Liabilities		
Wilson Bros on acct	215	
Western Milling Co " "	1750	
Farmers Packing Co "	6375	
Total Liabilities		29625
Present worth		88475
Investment		800
Net Gain		8475

Changing from Single to Double Entry. The change from single to double entry is very simple, requiring only an opening journal entry, in which are given all titles and amounts belonging to resources and liabilities, with a credit to the proprietor for the net worth. If the same ledger is to be used, the accounts already on the ledger will remain as they are and new accounts will be opened for the titles in the opening entry not already in the ledger.

The student may use the same journal, placing the opening entry on the next page following the Single Entry day book. The opening entry will be like the following except the date, amounts, and proprietor's name.

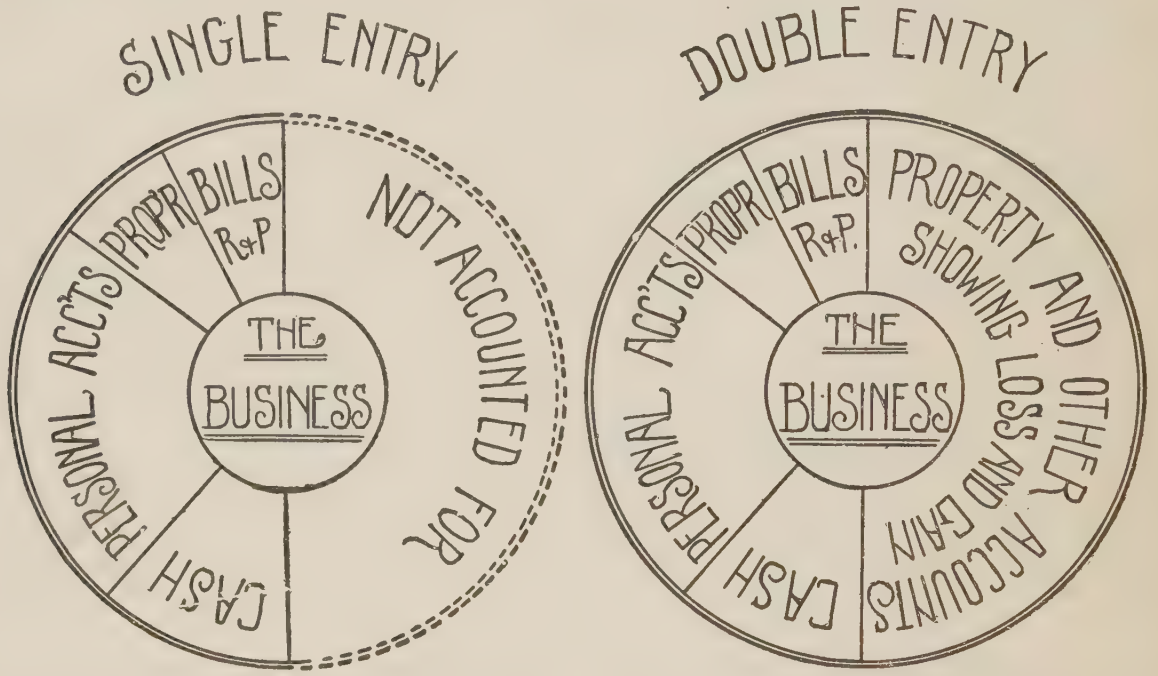
Opening Journal Entry—Changing from Single to Double Entry

	Changed this day from Single to Double Entry journalizing the Single Entry Statement as follows:		
✓	Cash Bal on hand	215	
	Mdse Inventory 725.	821	
	Sale accts 96.		
	Store Fixtures Inventory	125	
	Expense Rent Prepaid	20	
		1181	
✓	Personal Accts - Name on ledger		29625
	The Student Present worth		88475
			1181

Posting and Trial Balance. Open and index the following accounts in the ledger: Student, Proprietor, on upper half of page 21, Discount on lower half of page 21, Expense on upper half of page 22, Merchandise on lower half of page 22, Store Fixtures on upper half of page 23. Post the opening journal entry to the ledger and take a trial balance on loose paper, to show the books in balance.

Single and Double Entry Compared.

The student has been told in preceding pages that every business transaction involves a debit (or debits) and a credit (or credits) for equal amounts in accounts related to the business. When we record both the debit and the credit, we are keeping books by Double Entry. In keeping books by the Single Entry method, we select only the debits and credits that relate to persons and cash. Usually only one ledger entry is required for each transaction, and on this account the system is called Single Entry.



The accompanying diagram illustrates the comparative scope of the two systems in giving a complete exhibit of the business. In this diagram we represent Single Entry as a partial circle, which usually includes only the two segments or parts marked "Cash" and "Personal."

An account with the proprietor or accounts with the partners and also Bills Recivable and Payable accounts may be kept in Single Entry, adding two more segments to the circle. The Double Entry accounts are identical with those of Single Entry so far as the latter go, but the complete circle of information is furnished by adding the segment containing accounts with property and incidental titles that show the sources of loss and gain in the business.

The Single Entry system may add other segments of the circle and approach very nearly to Double Entry by keeping a Merchandise account or an Expense account, but so long as it fails to record every debit and credit that relates to the business, it cannot be termed Double Entry.

Transactions—Continued.

Before making any cash transactions, transfer $10.45 in small bills and fractionals from your safe to your cash register, recording the same as usual.

The remaining transactions in this set will be carried out in the same manner as those preceding, using Double Entry instead of Single Entry records.

74. Sell E. A. Inman, 412 Fourth Avenue, 20 lbs. C sugar @ 5½c, 6 lbs. Rio Coffee @ 25c, 2 gals. N. O. Molasses @ 50c, 12 lbs. Bacon @ 12½c, 2 lbs Y. H. Tea @ 45c, collecting cash.

75. Sell Mrs. M. J. Fletcher, 326 Archer Avenue, on account, 40 lbs. A Sugar @ 5¾c, 2 lbs. Japan Tea @ 45c, 8 lbs. Butter @ 22½c, 3 hds. Cabbage @ 10c, 14 lbs. Bacon @ 12½c, 2 gals. Crystal Syrup @ 45c.

76. Buy the following merchandise on account, delivering an order ticket and receiving the invoice: 2 cases Canned Corn, 1 box California Prunes, 1 box Dried Apricots, 2 barrels Apples.

Follow the usual routine, buying of the Fenton Produce Co., unless the teacher designates another firm.

Journalize this transaction like the third entry illustrated on page 18, using "Mdse. per Invoice" instead of itemizing the purchase.

77. Receive cash from John Thomas to apply on his account, $15.

The cash book will be written up from the check book and cash register after Transaction 87.

78. Sell Henry Keister, 459 Sixth Street, 2 lbs. Japan Tea @ 45c, 15 lbs. Ham @ 14c, 8 lbs. Grapes @ 12c, 2 sks. Flour @ 75c, 2 sks. Corn Meal @ 45c, 6 hds. Cabbage @ 10c, collecting cash.

79. Pay cash for books and stationery for office use, $7.50, taking a receipted bill in the usual manner.

80. Sell to Union Hotel Co., 316 Park Avenue, on account, to be delivered at once, 50 lbs. Rice @ 9½c, 20 lbs. Beans @ 4½c, 40 lbs. C Sugar @ 5¼c, 12 cans Peaches @ 22½c, 12½ lbs. Ham @ 14c, 12 lbs. Java Coffee @ 33⅓c, 5 gals. Maple Syrup @ 75c.

81. Give Wilson Bros. your check for $100 to apply on account, taking a receipt as usual.

82. Sell Mrs. John Leonard, 616 Fifth Avenue, 10¾ lbs. Butter @ 22c, 20 lbs. G Sugar @ 6½c, 4 lbs. Java Coffee @ 35c, 12 lbs. Mess Pork @ 9c, 3 bu. Potatoes @ 50c, 2 lbs. Cheese @ 15c, collecting cash.

83. Give your check to pay the invoice received in Transaction 48 less the deduction in Transaction 64, the balance being subject to a discount of 3 per cent. Take a receipt as usual.

Make a compound journal entry like the following, and make correspoding cash entry when you write up your check book.

Compound Journal Entry for Payment with Discount

Feb. 8		Western Milling Co. Ck for 17.75		18 50		
	✓	Cash Rec'd 1/5 150			17	75
		Discount 3% Dis. 55				55
		Inv. 7/2 1480				

84. Sell A. R. Baker, 212 Second Avenue, on account, to be delivered at 2 p. m., 3 doz. Oranges @ 25c, 4 lbs. Cheese @ 16c, 2 lbs. Eng. Breakfast Tea @ 55c, 6 cans Peaches @ 25c, 12 lbs. Butter @ 23c.

85. Pay cash for sundry produce, $6.

Place a ticket in the usual manner in the cash register.

86. Receive cash from Henry Custer on account, $12.

87. Sell N. H. Martin, 424 Third Street, 6 cans Peaches @ 25c, 4 sks. Flour @ 75c, 25 lbs. A Sugar @ 6c, 10 lbs. Butter @ 22c, collecting cash.

Total and prove your cash register entries and transfer all cash to the safe except $13.06 for making change. Complete your summary entries in the usual manner.

Write up your cash book on the double entry plan illustrated on pages 40 and 41, crediting Mdse. with the cash sales and with cash received from sales on account all in one amount.

The cash payment for proceeds of invoice discounted in Transaction 83 will be entered in the Double Entry cash book as follows:

Cash Credit Checked from Compound Journal Entry

Feb.	8	✓ Journal	Western Milling Co	1775	

Merchandise Credits. Two methods are followed by accountants in disposing of merchandise sales, one of which has been illustrated in preceding Sets. In a retail business where there are frequent sales on account, many business firms credit Merchandise only with the cash, notes and other property received for Merchandise, and consider the sales on account as not fully completed until payment is made, at which time the amount received will be credited to Merchandise. The student will follow the latter plan in the present Set, crediting Merchandise both for cash sales and for cash received from previous sales on account.

Transactions—(Continued).

Record the balance in the cash register on the next record sheet in the usual manner.

88. Sell E. H. Preston, 195 Second Avenue, 5 doz. Eggs @ 18c, ½ bu. Apples @ $1.50, 2 bu. Potatoes @ 50c, 5 cakes Ivory Soap @ 5c, 5½ lbs. Butter @ 22c, 12 lbs. G Sugar @ 6½c, collecting cash.

89. Sell to Chas. E. Gordon, 617 Fifth Avenue, on account, to be delivered before 2 p. m., 4 gals. N. O. Molasses @ 44c, 2 bu. Potatoes @ 55c, 4 lbs. Prunes @ 12½c, ½ doz. Lemons @ 25c, 12 lbs. G Sugar @ 6½c, 3 doz. Eggs @ 18c, 5 lbs. Rice @ 15c.

90. Give your check, favor C. C. Lane, for $8, to pay for clerk hire.

Write at the bottom of the check to the left of your signature, "For clerk hire," and take no receipt.

91. Receive a check from the Union Hotel Co. to apply on their account, $53.

Proceed as in Transaction 44.

92. Sell T. R. Rich, 482 Fourth Avenue, 6 lbs. Java Coffee @ 35c, 2 doz. Oranges @ 25c, 15 lbs. Mess Pork @ 9c, 2 sks. Flour @ 75c, 4 lbs. Prunes @ 12½c, 6 cans Corn @ 16⅔c, collecting cash.

93. Buy the following merchandise on account, delivering an order ticket and receiving the invoice: 1 brl. G Sugar, 1 brl. A Sugar, 1 brl. Crystal Syrup, 1 chest Japan Tea.

Follow the usual routine, buying of Dalton & White, unless the teacher designates another firm.

94. Sell John Thomas, 419 Grand Avenue, on account, to be delivered at once, 6 lbs. Bacon @ 13c, 3 lbs. Apricots @ 17c, ½ bu. Apples @ $1.50, 4½ lbs. Butter, @ 20c, 2 lbs. Mocha Coffee @ 40c, 25 lbs. A Sugar @ 6c, 2 gals. Maple Syrup @ 75c, ½ bu. Turnips @ 85c.

95. Receive cash from A. R. Baker to apply on his account, $5.

96. Pay cash for sundry produce, $4.

97. Sell to Henry Custer, 399 Center Street, on account, to be delivered before 3 p. m., 4 bu. Potatoes @ 55c, 4 hds. Cabbage @ 4½c, 10½ lbs. Ham @ 14c, 2 doz. Lemons @ 25c 2 sks. Flour @ 75c, 24 lbs. C Sugar @ 5½c, ½ lb. English Br. Tea @ 50c, 4 doz. Eggs @ 17c.

Receive of him a check for $7 on account.

98. Deposit in bank, $150, taking the cash in safe and two checks from register to make up the given total. Enter the amount taken from register in "Cash Payments" column.

99. C. E. Gordon reports an overcharge on sales in Transaction 89. The Rice should have been billed at 10c per lb. instead of 15c per lb.

100. Pay cash for sundry produce, $5.

101. Give your check to pay the invoice received in Transaction 62 less a discount of 5 per cent.

102. Sell Mrs. E. M. Sawyer, 419 Third Street, 15 lbs. C Sugar @ 5½c, 6 lbs. Beans @ 5c, 5 lbs. Rio Coffee @ 25c, 2 gals. Crystal Syrup @ 45c, 2 doz. Bananas @ 15c, 1 lb. Y. H. Tea @ 50c, collecting cash.

Total and prove your cash register entries and retain all cash for making change. Complete your summary entries in the usual manner.

Write up your cash book and journal and test your cash book without balancing.

Record the balance in the cash register in the usual manner.

103. Sell C. E. Gordon, 199 Third Street, 4 bu. Potatoes @ 50c, 2 bu. Turnips @ 75c, 5 lbs. L. Starch @ 10c, 16 lbs. Bacon @ 12½c, 12 Cans Corn @ 16⅔c, 5 doz. Eggs @ 19c, 5 lbs. Coffee @ 26c, receiving his check.

104. Give your check to pay the invoice received in Transaction 76 less the usual discount of 2 per cent.

105. Pay cash for sundry produce, $6.

106. Receive cash from Mrs. M. J. Fletcher to apply on her account, $5.

107. Buy the following merchandise on account, delivering an order ticket and receiving the invoice: 15 sacks Corn Meal, 25 sacks Flour, 1 case Oat Meal.

Follow the usual routine, buying of the Western Milling Co., unless the teacher designates another firm.

108. Sell the Union Hotel Co., 316 Park Avenue, on account, to be delivered at once, 25 lbs. Butter @ 19c, 6 doz. Eggs @ 18c, 5 bu. Potatoes @ 55c, 100 lbs. C Sugar @ 5½c, 6 lbs. Mocha Coffee @ 37c, 10 lbs. Raisins @ 12½c, 8 lbs. Cheese @ 15c.

109. Give your check to Wilson Bros. for $25 to apply on account, taking a receipt.

110. Sell C. E. Peters, 498 First Avenue, 16 lbs. Ham @ 14c, 5 lbs. Apricots @ 15c, 3 doz. Lemons @ 25c, 2 sks. Corn Meal @ 45c, 4 pa. Rolled Oats @ 9c, receiving his check.

111. Pay cash for sundry produce, $3.

112. Sell A. R. Baker, 212 Second Street, on account, to be delivered before 3 p. m., 8½ lbs. Ham @ 14c, 4 pa. Rolled Oats @ 10c, 4 cans Peaches @ 25c, 2 doz. Eggs @ 18c, 24 lbs. A Sugar @ 6¼c, 2 sks. Flour @ 75c.

113. Deposit cash in bank, $25.25, including the two checks received today.

114. Sell Mrs. M. J. Fletcher, 326 Archer Avenue, on account, to be delivered before 2 p. m., 2 doz. Bananas @ 15c, 3 lbs. Laundry Starch @ 8⅓c, 6 lbs. Java Coffee @ 33⅓c, 2 gals. N. O. Molasses @ 40c, 10 lbs. Beans @ 4½c, 6 lbs. Bacon @ 12½c, 3 doz. Eggs @ 18c, 2 lbs. Raisins @ 12c.

115. Pay cash for cleaning floors of store room, $1.50.

116. Sell Mrs. J. G. Vance, 192 Third Avenue, 6 lbs. Java Coffee @ 35c, 8 lbs. Rice @ 10c, 4 gals. N. O. Molasses @ 50c, 12 lbs. Mess Pork @ 11c, collecting cash.

Total and prove your cash register entries and retain all cash in the register for making change. Complete your summary entries in the usual manner. Write up your cash book and journal and test and balance your cash book. Record the balance in the cash register in the usual manner.

Post your ledger and take a trial balance. Make a statement of your business using the following inventories: Merchandise unsold, $961.05, the accounts receivable at the balance shown on your last summary, store fixtures, $120, rent prepaid, $10. Follow the form of double entry statement given on page 34.

By comparing this statement with the single entry statement made before changing to double entry, the student will observe the advantage of double entry over single entry, in the more complete information given. Each form of statement gives an exhibit of the resources and liabilities, but the single entry statement fails to give the sources of losses and gains, which are given complete in the double entry statement.

117. Sell John Thomas, 419 Grand Avenue, on account, to be delivered at once, 4 hds. Lettuce @ 5c, 2 bunches Radishes @ 10c, 1 bu. Apples @ $1.25, 7½ lbs. Ham @ 15c, 3 doz. Eggs @ 18c, 5 lbs. Butter @ 22c, 14 lbs. G Sugar @ 6½c.

118. Give Wilson Bros. your check for $75 to apply on account, taking a receipt as usual.

119. Sell James Armstrong, 127 Third Street, 20 lbs. A Sugar @ 6c, 6 cans Peaches @ 25c, 2 lbs. Japan Tea @ 45c, 4½ lbs. Butter @ 22c, 3 lbs. Prunes @ 12½c, 2 hds. Cabbage @ 10c, collecting cash.

120. Collect cash from Mrs. M. J. Fletcher, in full of account, entering on the sale slip that has the balance forward, "Paid in full," with the current date and your signature. Deliver the receipted sale slip in the usual manner, keeping the duplicate in the account pad.

121. Pay cash for sundry produce, $3.

122. Sell Cyrus Upton, 498 First Avenue, 50 lbs. C Sugar @ 5¼c, 10 lbs. Rio Coffee @ 24c, 1 lb. Y. H. Tea @ 45c, 12½ lbs. Ham @ 14c, ½ bu. Apples @ $1.50, collecting cash.

123. Give your check to the Michigan Furniture Co. for $18 to pay for an office desk.

124. Collect cash from A. R. Baker in full of account, giving a receipted sale slip, the same as in transaction 120.

125. Sell Henry Custer, 399 Center Street, on account, 3 hds. Cabbage @ 11c, 1 bu. Potatoes @ 50c, 2 hds. Lettuce @ 5c, 25 lbs. A Sugar @ 6c, 3 doz. Eggs @ 18c, 1 sack Corn Meal @ 45c, 10 lbs. Pork @ 12c, 2 doz. Bananas @ 15c.

126. Deposit cash in bank, $50.

127. Give your check to pay the invoice received in Transaction 93, less a discount of 2 per cent, taking a receipt as usual.

128. Pay cash for sundry produce, 60c.

129. Sell the Union Hotel Co., 316 Park Avenue, on account, 12 doz. Eggs @ 18c, 40 lbs. Butter @ 20c, 10 bu. Potatoes @ 50c. Receive cash from the Union Hotel Co., in full of account, including above sale. Deliver the sale slip, including the above items, receipted in full.

130. Sell N. H. Martin, 424 Third Street, 2 doz. Eggs @ 18c, 4 gal. Maple Syrup @ 75c, 12 lbs. Bacon @ 12½c, 4 lbs. Java Coffee @ 35c, 24 lbs. A Sugar @ 6c, collecting cash.

131. Pay A. R. Gordon cash for delivering merchandise, $2.50. No receipt. (Expense).

Total and prove your cash register entries and retain all cash for making change.
Complete your summary entries in the usual manner.
Write up your cash book and journal and prove your cash balance.
Record your balance in the cash register, on new sheet, ready for advance transactions.

132. Sell T. R. Rich, 482 Fourth Avenue, ½ bu. Turnips @ 75c, 4 lbs. Cheese @ 15c, 2 sks. Corn Meal @ 45c, 4 lbs. Prunes @ 12½c, 5 lbs. Butter @ 22c, 20 lbs. G Sugar @ 6½c, collecting cash.

133. Pay cash for sundry produce, $3.

134. Collect cash of John Thomas in full of account, giving a receipted sale slip as usual.

135. Deposit cash in bank, $25.

136. Give your check to pay the invoice received in Transaction 107, less a discount of 3 per cent, taking a receipt.

137. Sell E. M. Webster, 212 Fourth Street, 15 lbs. G Sugar @ 6½c, 2 sks. Flour @ 75c, 12 lbs. Ham @ 14c, 4 lbs. Cheese @ 15c, collecting cash.

138. Sell Charles E. Gordon, 617 Fifth Avenue, on account, to be delivered at 1 p. m., 25 lbs. A Sugar @ 6c, 5 lbs. Java Coffee @ 31c, 10 lbs. Rice @ 10c, 1 brl. Apples @ $3.25.

139. Make a small sale, receiving cash for same, 21 cents.

140. Pay cash for sundry produce, $2.

141. Collect cash of Charles E. Gordon in full of account, giving a receipted sale slip.

142. Sell W. C. Norton, 213 Third Avenue, 3 lbs. Java Coffee @ 35c, 2 gal. Maple Syrup @ 75c, 1 lb. Eng. Breakfast Tea @ 55c, 12 lbs. G Sugar @ 6½c, ½ bu. Apples @ $1.50, 10½ lbs. Mess Pork @ 9c, 2 heads Cabbage @ 10c, collecting cash.

143. Collect cash of Henry Custer in full of account, giving a receipted sale slip.

144. Prove the cash register, transfer all cash to safe, and make summaries as usual.

145. Sell your office desk for $11.85, receiving currency.

Place this money in the safe and enter at once in the cash book.

146. Sell the remaining merchandise and other assets to John C. Jones receiving his check in settlement. The merchandise is valued at $860, the store fixtures at $90, and rent prepaid at $10.

Make three entries in the cash book.

147. Deposit the check received in Transaction 146 and $41.14 in currency.

148. Give Wilson Bros. a check in full of account, taking a receipt in full.

149. Write up your cash book and journal and test your cash balance.

Post your ledger, balance cash, and take a trial balance.

150. Leave your pass book at bank to be balanced, or call for a bank statement of your cancelled checks.

Verify your bank statement, comparing the returned checks with the corresponding stub entries in your check book.

File away your paid checks which should be carefully kept as receipts or vouchers to prove payments that may be called in question at a later date.

Make a statement or balance sheet and close your ledger without inventories, bring down your present worth in your investment account, which should agree with your cash balance.

Deliver the contents of "Outgoing Papers" with a list of same to the teacher, and make a report of the cash you have on hand and in bank. Deliver the contents of your other filing cases to the teacher with a list of papers in each.

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Statements and Balance Sheets.

Any document summarizing in tabulated form a series of transactions or facts bearing on business affairs is called a **Statement.**

Statement of Account. This is a statement exhibiting the condition of a debtor's account, as shown by a creditor's books. For a full discussion and illustration of this form of statement, see pages 100 and 101.

Depositor's Statement. This is a statement of account rendered by a bank to a depositor. It is illustrated on page 60.

NOTE—A depositor's statement is often called a "bank statement."

Financial Statement. This is a detailed statement setting forth the condition of a business as to resources and liabilities, volume of business, etc. It is often required by banks or wholesalers, from firms seeking credit, or it may be made out in any other case where the solvency of a business concern is under consideration.

A common form of financial statement is shown on page 107.

Bank Statement. This is a financial statement made under oath by the officers of a bank, setting forth the resources and liabilities of the bank. The law requires bank statements to be rendered periodically to the proper state or government officer, for public official record.

Other Classes of Statements. The various kinds of "Financial Reports," "Treasurer's Reports," "Agent's Balance Sheets," etc., that are rendered periodically by corporations or public officials having various kinds of financial affairs in charge, are all in the nature of statements, and are properly so called. In fact, the term "statement" has a very wide application in business affairs.

Balance Sheet. This term is properly applied to any complete statement of the condition and results of a business as shown by the books. The Balance Sheet shows an equilibrium of the accounts as to debit and credit, and takes its name from this "balanced" condition of the accounts from which the results are derived. Various forms of balance sheets are used by accountants, but with respect to the proper application of the term "balance sheet," the form is immaterial. Balance sheets are commonly spoken of as "statements," but strictly speaking, the latter term is much more general in its application.

We illustrate on pages IV and V two other forms of balance sheets, that are often used by accountants. A detailed discussion of these forms is given on page IV, which the student should carefully study, since, he ought to become familiar with all of the Standard forms that he is likely to meet with in business. After studying these forms, prepare the exercises as giv en on page VI.

Left Folio of the Two-Page Balance Sheet.

Statement of Scott &

Losses			
Chattels Cost		647	
Credits	58.00		
Inventory	575.00	633	14
Expense Cost		71756	
Inventory		5970	711590
Interest Cost			1921
			713511
			713511
			1495757
Resources			
Cash		125860	
Groceries Invt.		1067385	
Dry Goods "		1494750	
Chattels "		595	
Expense "		5970	
Bills Rec.		93785	
Accts Rec.		588910	3434160
			3434160

The two-page balance sheet, shown on the upper parts of this page and the next, presents all debits on one page and all credits on the other. The loss and gain summaries are presented first, then the summaries of resources and liabilities.

The fact that both parts of the sheet "balance" when the net gains are transferred from the first part to the second, constitutes the "proof" of the balance sheet.

The two-page balance sheet is preferred by many accountants, but it is not so easily understood by the beginner, as is the single-page balance sheet that the student has used in the foregoing sets.

The "six-column" balance sheet shown on the lower half of page V has the advantage of compactness, also of showing all data relating to any account, on the same line on which the account-title is written. It has the further advantage of showing in the first two columns the state of the ledger accounts before closing, and in the last two, the state of the ledger after closing.

As in the two-page balance sheet, the proof of the six-column balance sheet is shown in the fact that the same entries (the partners' credits for net gains) balance the loss and gain columns and the resource and liability columns.

In a business where balance sheets are made out often, a "Balance Sheet Book" may be provided, containing several sets of balance sheet columns on each open folio. These may be used for successive statements, without the need of re-writing the account-titles.

Other forms of balance sheets may occasionally be met with, but all are based on the same principles, and should present no difficulty to the student who is familiar with the standard forms here illustrated.

Right Folio of the Two-Page Balance Sheet.

Manning, Dec 31, 1907

Gains			
Groceries Sales	2359462		
Invt	1067385	3426847	
Cost		2894275	532572
Dry Goods Sales	2594115		
Invt	1494750	4088865	
Cost		3125680	963185
			1495757
Liabilities			
Accts Payable		177875	
Bills Payable		56520	234395
F M Scott Investment		1218919	
" ½ Gain		390423	
" Present Worth			1609342
Geo Manning Investment		12000	
" ½ Gain		390423	
" Present Worth			1590423
			3434160

Six Column Balance Sheet.

Balance Sheet, Scott & Manning, Dec 31, 1907.

	Trial Balance before closing.		Losses. Gains.		Trial Balance after closing.	
Cash	125860				125860	
Grocery Acct	534813			532572		
Dry Goods "	531565			963185		
Interest	1921		1921			
Chattels	589		14			
Expense	717560		711590			
Bills Rec	93785				93785	
Bills Pay		56520				56520
Accts Rec	588910				588910	
Accts Pay		177875				177875
F M Scott, Invest		1218919				1609342
Geo Manning "		12000				1590423
	2653214	2653214	1495757	1495757	3434160	3434160

Exercise in Balance Sheets.

1. Rule a page of writing paper in the form for six-column balance sheet and prepare a balance sheet from the following trial balance and inventories:—

Trial Balance—No. 1.

Cash Balance	2479 45	
C. F. Roberts, Investment		1950 62
Geo. H. Adams, Investment		1831 01
Chattels	928 85	
Expense	368 50	
Interest		7 60
Merchandise		1146 34
Bills Rec.	1144 90	
Bills Pay.		875 35
A. N. Davis	362 98	
Charles Daniels	131 57	
Randall & Sons	89 50	
Western Milling Co.		145 20
T. W. McLean	83 15	
S. B. Potter	202 25	
Central Produce Co.	153 72	
L. Matthews	11 25	
	5956 12	5956 12

INVENTORIES

Chattels	$900.00
Expense	120.00
Interest Receivable	7.50
Interest Payable	6.25
Merchandise	2225 37

2. Prepare a "two-page" balance sheet from the following trial balance and inventories, using a sheet of journal paper:—

Trial Balance—No. 2.

Cash Balance	1454 35	
J. L. Hammond, Investment		2823 80
Chattels	592 75	
Expense	253 90	
Interest		9 30
Merchandise	521 57	
Bills Rec.	570 83	
Bills Pay.		453 50
H. S. Chase	83 30	
Western Coal Co.		270
L. M. Farnsworth	7 50	
Thomas Lynch	108 20	
C. B. Daniels	101 40	
A. Burnett & Sons		54 60
Eagle Mining Co.		82 60
	3693 80	3693 80

INVENTORIES

Chattels	$230.00
Expense	102.50
Merchandise	250.25

3. Prepare balance sheets in three forms from the following trial balance and inventories—form A "two-column," form B "six-column," form C "two page":—

Trial Balance—No. 3.

Cash Balance	1258 60	
J. Q. Adams, Investment		24189 19
Merchandise	10663 78	
Expense	7175 60	
Chattels	589	
Interest	19 21	
Bills Rec.	937 85	
Bills Pay.		565 20
Accounts Rec.	5889 10	
Accounts Pay.		1778 75
	26533 14	26533 14

INVENTORIES

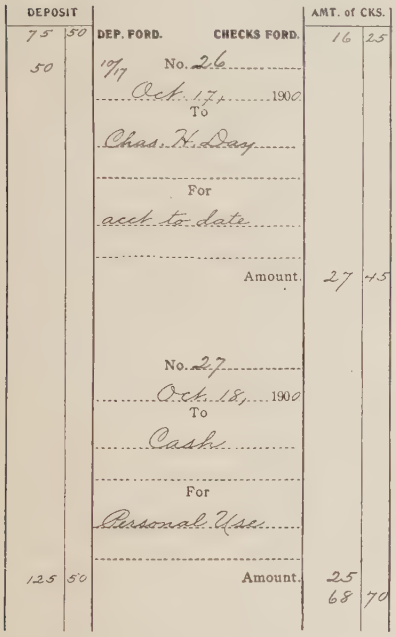
Merchandise	$25621.35
Chattels	575.00
Expense	59.70

Stub Entries on Large Check Books.

In Part One of Modern Inductive Bookkeeping, a practical form is given for making stub entries on single checks. Larger check books, having two or more checks on a sheet, should for convenience have a different method of recording the stub entries.

The form below illustrates two consecutive checks from the check book of Samuel R. Adams. In this book there are two checks on a page.

The second check (No. 27) is issued by Mr. Adams for the purpose of drawing $25 from the bank for his personal use. In such cases it is customary to write the word "Cash" or the drawer's own name as payee.



DEPOSIT		DEP. FORD. CHECKS FORD.	AMT. of CKS.	
75	50		16	25
50		10/17 No. 26		
		Oct. 17, 1900		
		To		
		Chas. H. Day		
		For		
		acct. to date		
		Amount.	27	45
		No. 27		
		Oct. 18, 1900		
		To		
		Cash		
		For		
		Personal Uses		
125	50	Amount.	25	
			68	70

Mendota, Ills, Oct 17, 1900 No 26

Garden City Bank

Pay to the Order of Chas H Day $27.45

Twenty-seven 45/100 DOLLARS

IN COLLEGE CURRENCY.

Samuel R. Adams

Mendota, Ills, Oct 18, 1900 No 27

Garden City Bank

Pay to the Order of Cash $25—

Twenty-five no/100 DOLLARS

IN COLLEGE CURRENCY.

Samuel R. Adams

The totals of the checks and deposits are entered at the bottom of each page of the check book when the last check on the page is drawn, and forwarded to the top of the next page, when another check is drawn. Thus, in the above checks, the stub of No. 26 shows that there had been a total of $75.50 deposited when that check was drawn, another deposit made of $50, the total, $125.50, being entered at the bottom of the page.

The check column shows that checks to the amount of $16.25 had been drawn previous to the drawing of check No. 26. The footing at the bottom of the column includes this amount and the amounts of checks Nos. 26 and 27. When check No. 28 is drawn, the footings of both deposits and checks should be entered at the top of the page, as before. The difference between the totals forwarded will, of course, give the amount of the depositor's balance at the bank.

Individual Results.

SET TWO.

Office and Tablet Practice.

Business Practice Set Two is arranged either for Office transactions, in which the student receives his incoming currency and business papers from the different office firms; or for Tablet transactions, in which he receives his incoming currency and business papers through a tablet and a currency envelope.

Flour, Fuel and Produce Business.

In this set the student will use four books for original entries—Journal, Cash Book, Sales Book, and Purchase Book—and the Bill Book for memoranda of Bills Receivable and Bills Payable. The student has had practice in the use of the first three books named above, and further explanation of these books will not be required.

The Purchase Book.

In a business where there are frequent purchases of merchandise, it will save many ledger entries if we record all purchases in a separate book, called a Purchase Book or Invoice Book.

Like the Sales Book, each purchase entry consists of three parts, (1) the name and address of the party from whom we make the purchase, (2) the items and amount of the purchase, (3) the terms of the purchase.

If an invoice accompanies the merchandise bought, the purchase is not itemized in the Purchase Book, reference being made in the entry to the number or date of the invoice, which will give the items.

Posting and Closing the Purchase Book. The Purchase Book shows the total cost of merchandise purchased, excepting the freight and such other charges as are carried through the Cash Book. The accounts to which the items are to be posted are shown by the terms of purchase, given at the close of each entry.

If the purchase is on account, the firm from whom we purchase will be credited; if cash is paid for the purchase, Cash will have credit in the Cash Book; if a note is given by the firm in payment for the purchase, Bills Payable will have credit in the Ledger.

In case a part payment is made in cash and the balance of the purchase is on account, the party from whom we make the purchase is credited from the Purchase Book for the full amount of the purchase, and debited from the Cash Book for the amount paid to apply on the purchase.

Check off in the Purchase Book all cash purchases as soon as they are entered in the Cash Book, to indicate that they are to be passed over when the Purchase Book is posted.

The totals of the purchases are entered at the foot of each page and forwarded until it is required to post the purchases to the Merchandise account.

When the Purchase Book is to be closed, enter the total and rule it up. In posting the total of the purchases, enter it on the debit side of Merchandise account, writing in the explanation column of this account "P. B.," indicating from what book the entry has been posted.

The method of keeping a Purchase Book, and of carrying entries from the Purchase Book to the Cash Book are illustrated in the forms on pages 82 and 83, the entries there given being records of the transactions described in the memoranda below the purchase book on page 82. The transactions are numbered for convenience in referring from the memoranda to the record of same in purchase book and cash book.

Model Entries in Purchase Book.

			No. 1				
190— Jan.	2	30	E. C. Kingman,				
			50 bu. Barley	.40	20		
			100 bu. Corn	.25	25		
			75 bu. Oats	.28	21		66
			Account 20 days.				
			No. 2				
	3	✓	J. C. Aldrich,				
			80 bu. Beans	1.40	112		
			100 doz. Eggs	.14	14		126
		✓	Cash per check No. 6.				
			No. 3				
	5	31	O. R. Thomas, Chicago.				
			Mdse. per Invoice No. 1.				712 25
		✓	Cash per check to apply $200.				
			No. 4				
	6	✓	C. C. Stanley,				
			150 bu. Corn	.25	37 50		
			200 bu. Oats	.28	56		93 50
		32	Bills Pay.—Note at 10 days.				
			No. 5				
	7	✓	C. A. Sherman,				
			100 bu. Barley	.48	48		
			150 bu. Beans	1.40	210		258
		✓	Cash, per check No. 9, $129				
		32	Bills Pay.—Note at 30 days $129.				
			No. 6				
	10	33	E. C. Horton,				
			500 lbs. Butter	.18	90		
			600 lbs. Cheese	.12	72		162
		✓	Note to apply $100—Balance Acct.—See Journal.				
			No. 7				
		9	Mdse. Dr. Total Purchases.				1417 75

Memoranda for the Model Purchase Entries.

No. 1. Jan. 2, 190—. Bought of E. C. Kingman, on account, 20 days, 50 bu. Barley @ 40c, 100 bu. Corn @ 25c, 75 bu. Oats @ 28c.

This is an ordinary purchase on account, for which no invoice has been received and the purchase entry will require itemizing. This entry will be posted from the Purchase Book to the credit of Kingman in the Ledger.

No. 2. Jan. 3. Bought of J. C. Aldrich 80 bu. Beans @ $1.40, 100 dozen Eggs @ 14c, giving our check No. 6 in payment. No invoice.

This is an ordinary cash purchase without invoice. We enter a check mark opposite Mr. Aldrich's name in the Purchase Book, to show that the item is not to be posted to his account, and we check the cash item in both the Purchase Book and Cash Book, to show that no posting to the Ledger is required.

No. 3. Jan. 5. Bought of O. R. Thomas, Chicago, merchandise per invoice No. 1, $712.25, remitting our check for $200 to apply on the invoice, balance on account.

As this purchase is accompanied by an invoice, no items are entered in the Purchase Book. Mr. Thomas will be credited for the entire amount of the purchase. The cash item is checked in the Purchase Book when carried to the Cash Book. From the Cash Book it is posted to the debit of Mr. Thomas in the Ledger.

No. 4. Jan. 6. Bought of C. C. Stanley, 150 bu. Corn @ 25c, 200 bu. Oats @ 28c, giving our note at ten days in payment.

As this purchase is settled by note, we enter a check mark opposite Stanley's name in the Purchase Book. When the item is posted to Bills Payable account, the Ledger folio of that account is entered opposite that title in the Purchase Book.

No. 5. Jan. 7. Bought of C. A. Sherman, 100 bu. Barley @ 48c, 150 bu. Beans @ $1.40, giving our check No. 9 for $129 and our note at thirty days for balance.

As this purchase is paid for by cash and note, no entry is required in Sherman's account. The check payment will be carried to the Cash Book, and the Bills Payable will be posted to the Ledger.

No. 6. Jan. 10. Bought of E. C. Horton 500 lbs. Butter @ 18c, 600 lbs. Cheese @ 12c, giving our note at twenty days for $100, balance on open account.

In this transaction we credit Horton with the entire amount of the purchase, and we debit him and credit Bills Payable for the note by means of a Journal entry.

Model Entries in Cash Book, Credit Side.

				No. 2.			
Jan.	3	✓	Purchase Book, J. C. Aldrich,		126		
				No. 3.			
	5	31	O. R. Thomas, per Purchase Book,		200		
				No. 5.			
		✓	Purchase Book, C. A. Sherman,		129		

Journal Memoranda.

It is frequently necessary to make a record, or memorandum, of certain matters pertaining to the business, that do not involve book entries. These memoranda are made in the Journal, and may include agreements relating to rent, advertising, the employment of help, etc. Orders by mail for merchandise, when a copy of the letter is not retained, should be thus recorded in the Journal.

The accompanying form illustrates the manner of making Journal memoranda.

Jan.	4		Employed C. D. Maynard as shipping clerk at a salary of $10.00 per week to commence Jan. 6.				
	7		Rented Storeroom at No. 68 Oak St. at $40.00 per. mo. Possession to be given Feb. 1.				
Feb.	9		H. Shaw & Co. have agreed to supply my store with hard coal for heating purposes during remainder of season at $5.00 per ton, to be delivered as needed.				
	20		Ordered by letter of Harper, French & Co., Chicago, to be shipped by C. & A. R.R. 45 Bbl. Ex. Flour 1 Ton Cornmeal ½ " Bran				

Promissory Notes.

A Promissory Note is a written promise to pay a certain sum of money at a specified time

The **parties** to a note are the **maker** and **payee.** The maker is the person who, by the act of signing the note, makes a promise. The payee is the person to whom the note is made payable.

The following is a commonly used form of promissory note, with its stub which should be filled out by the maker before removing the note from the book.

To J. S. Milton
Chicago, Ill.
For Settlement of Account
Date Jan 10, 1900.
Time 90 days
Due Apr 10, 1900.
No. 17 $75.40

$75.40 Cedar Rapids, Iowa, Jan 10 1900

Ninety days after date I promise to pay to the order of James S. Milton
Seventy-five 40/100 Dollars
at The Third National Bank
Value received with Interest at 6 per cent per annum.
If this Note is not paid at maturity the undersigned agree to pay reasonable expenses of collection, including Attorneys fees.
No. 17 Robert L. Dean
Due Apr 10, 1900.

Geo. A. Mullin Stationer Cedar Rapids, Iowa

Surety. A surety is one who voluntarily becomes responsible for the payment of a note or other obligation, either by signing it with the maker, or by indorsement.

A Surety cannot be held responsible for the payment of an obligation, unless all reasonable and legal steps have been taken to have it paid by the maker. It must be presented for payment when due, or within a reasonable time thereafter, and a legal certification of the fact of presentation and "dishonor" or refusal to pay, must be made in due form through a Notary Public or other qualified officer. Such a certification is called a **Protest,** and it must be sent to each surety or indorser, whom the payee intends to hold responsible for the payment of the obligation. The obligations for which a surety is responsible are not ordinarily considered as Bills Payable, since the surety is only conditionally responsible for their payment.

Form of

Bills.

Date Recorded		No.	DRAWER OR INDORSER	DRAWEE OR MAKER	IN WHOSE FAVOR	FOR WHAT	WHERE PAY
190– May	20	1		E. A. Pelton	The Student	Mdse.	Coml. Exch.
"	24	2		J. C. Denton	" "	"	" "

Bills.

Date Recorded		No.	DRAWER OR INDORSER	DRAWEE OR MAKER	IN WHOSE FAVOR	FOR WHAT	WHERE PAY
190– May	16	1		The Student	O. R. Thomas	Mdse.	Coml. Exch.
"	18	2		" "	Exch. Bank	Discount	Exch. Bk.
June	2	11		" "	Exch. Bank	Pt. Renew No. 2	Exch. Bk.

Days of Grace. In some states the maker of a note is allowed by law *three days* in which to pay the note, after the date of maturity specified in the note. These additional days are called *days of grace.* If you live in a state in which days of grace are allowed, add three days to the due date of all your notes, when registering them in your Bill Book.

When a Note is Paid. Upon payment of a note in full, it should be returned to the maker with the word "Paid" written or stamped across the face by the payee or his agent. The maker should then file the note as a voucher, showing its payment.

Indorsement. On disposing of a note to a third party, the payee usually indorses it, in order to authorize the person who receives it to collect it; but this indorsement renders the payee *liable for the payment to subsequent holders*, unless he expressly disclaims liability by writing the words "Without Recourse," or "I hereby disclaim responsibility for the payment of this note," or words of similar import before his signature.

Bills Payable and Bills Receivable. In bookkeeping, all notes or other written obligations to pay money, that are made by the proprietor of the business, are known as Bills Payable, while all notes or written obligations of others, and owed to the proprietor, are called Bills Receivable.

Bills Receivable are resources, while Bills Payable are liabilities.

The Note Book or Bill Book, should contain an itemized list of all notes received and issued by the firm, separate columns being provided for every item of information required concerning these notes. The column, when due, is subdivided into special columns for each month of the year, the maturity date recorded being the due date, including days of grace when such days are allowed.

Bills Receivable and Bills Payable accounts are usually kept in the ledger, the note book being used for recording detailed information concerning each note. The amount of unpaid notes receivable recorded in the bill book should agree with the debit balance of Bills Receivable in the ledger, and the amount of unpaid notes payable in the bill book should agree with the credit balance of Bills Payable account in the ledger.

Bill Book.

Receivable.

Date			Term	When Due													Amount		Int.	When and How Disposed of
Year	Mo.	Day		Year	1	2	3	4	5	6	7	8	9	10	11	12				
190–	May	20	5 days	190–					25								25	50	—	Pd. 5/25/190–
190–	May	24	10 days	190–						3							142	75	—	Pd. 6/3/190 –

Payable.

Date			Term	When Due													Amount		Int.	When and How Disposed of
Year	Mo.	Day		Year	1	2	3	4	5	6	7	8	9	10	11	12				
190–	May	16	10 days	190–					26								129	50	—	Pd. 5/24/190 —
190–	"	18	15 days	190–						2							425	–	—	Pd. 6/2/190 —
190–	June	2	12 days	190–						14							212	50		

Forms of Indorsement.

Indorsements are entries written on the back of any paper. They are either a transfer of title, a giving of security, or a receipt for a payment applying on the contract indorsed.

When a paper is written payable to the order of John Sones, and he wishes to transfer his title to Henry Sherwood, he writes on the back of the paper an order for its payment to Sherwood.

For the convenience of bank tellers, and others who have large numbers of such indorsed papers to handle daily, it is well to write the indorsement across the left end of the paper.

On negotiable papers that are likely to have several indorsements, care should be taken to write the indorsements as close together as is convenient. If the back of the paper should be covered with indorsements, other indorsements can be written on blank paper attached to the original.

(*Model Forms of Indorsement.*)

a (*Transfer of Title.*)	b (*Without Recourse.*)	c (*In Blank.*)	d (*Blank—Without Recourse.*)	e (*For Money Paid.*)	f (*For Collection.*)	g (*Protest Waived.*)
Pay to the order of Henry Sherwood. JOHN SONES	Pay to Henry Sherwood, or order, without recourse. JOHN SONES.	JOHN SONES.	Without Recourse. JOHN SONES.	Sept. 3, 190....., Received on within note Fifty ($50) Dollars.	Pay to the order of the College Bank of Grand Rapids, Mich., for collection. JOHN SONES.	Notice and protest waived. JOHN SONES.

Referring to the Model Forms of Indorsement above, A transfers the ownership from Sones to Sherwood, and makes Sones responsible to Sherwood in case the maker or payer of the paper fails to pay it.

B transfers ownership, but relieves Sones from any responsibility if the paper is not paid when due.

C transfers the ownership to any party who may hold the paper, making it in effect payable to the bearer.

D transfers the ownership as in Form C, except that it relieves Sones from further responsibility.

E is a receipt for money paid to apply on the promise indorsed. Such indorsements need no signature.

F does not transfer the ownership of the paper to the bank, but merely gives authority to the bank to collect the paper as Sones' agent.

G renders Sones liable as surety without a formal notice or protest, as the law usually requires.

The student will follow form C in indorsing drafts and checks for deposit, and Form E in indorsing a partial payment on a note.

Certified Check.

This is an ordinary bank check that has its validity acknowledged by the Teller's writing or stamping the word "Certified" with date and signature across its face. This is usually done in red ink as in accepting a draft. Certification of a check by a bank is equivalent to an acceptance, and the certification is at once charged to the depositor's account. Like a certificate of deposit, a certified check may be transferred by indorsement, also, the indebtedness evidenced by it is not subject to withdrawal until the certified check is returned.

Certified checks are a convenience to the holder, who, upon identification, may deposit them at any bank and draw against them, as in the case of any other deposit. They are also used in the transmission of money, and may be used, generally, like bank drafts, in making cash payments, in cases where an ordinary personal check would not be available.

A Certified Check.

Atlanta, Ga. Aug. 15 1904 No. 16

Exchange Bank

Pay to the Order of The Ajax $100.00

One Hundred DOLLARS

Certified Aug. 15 1904 D. Stearns Teller

A. M. Palmer

Bank Drafts.

Bank Drafts are drawn by one bank upon another, and are used chiefly for the transmission of money. Unless for very large amounts, they are drawn "at sight" and, in commercial transactions, are considered as cash. They are usually drawn on banks in the large cities and are spoken of as "New York drafts," "Chicago drafts," etc. The following is an ordinary form:

A Bank Draft.

First National Bank

Chicago, Feb. 6, 1900. No. 426

Pay to the Order of Guthrie, Manning & Wright $175.25

One Hundred Seventy-five 25/100 DOLLARS

To FIRST NATIONAL BANK
NEW YORK.

Nelson S. Talbot
CASHIER.

If Guthrie, Manning & Wright purchase above draft to send to Hallett & Preston, they would indorse the draft, "Pay to the order of Hallett & Preston," followed by the firm name.

In purchasing a draft for remittance to another firm, it is best to have the draft payable to your own firm, after which it can be indorsed payable to the firm to whom you send it. Many firms, however, prefer to have the bank drafts made payable directly to the parties to whom they are sent, thereby saving the time required for indorsing.

Banks in all cities and towns, except a few commercial centers like New York City and Chicago, will have deposits with banks in these centers and will keep balances to their credit by remitting drafts for collection and credit, and currency or coin by express if necessary to keep up their balances, thereby enabling them to sell drafts to parties who may wish to remit to other cities. It is customary to charge a small amount per hundred dollars, called "Exchange," in addition to the face amount of the drafts, to cover the cost of issuing the drafts and maintaining the account.

Request for Bank Draft.

College City, May 16, **190**

Wanted by *The Student*

Drafts on *New York*

TO THE ORDER OF	AMOUNTS	
The Anchor Mills	*125*	*75*
Exchange,		*10*
Total,	*125*	*85*

When a draft is wanted at bank, a request should be presented to the teller, giving all information that the latter may need in filling out the draft as desired. If any exchange is charged, the amount of the exchange is added as shown in the form.

Certificate of Deposit.

It is sometimes desirable to place a sum of money in bank, which the owner does not wish to draw out through his personal checks. In this case the banker gives the depositor a "Certificate of Deposit," (see accompanying form) which is an acknowledgement by the bank that it has received the money, and that it is held subject to the depositor's order upon surrender of the certificate.

A certificate of deposit may be transferred by indorsement, as in the case of a note or check. If it is desired to withdraw the money covered by a Certificate of Deposit, or to convert it into an ordinary deposit, subject to check, the certificate is surrendered.

A Certificate of Deposit.

The Cedar Rapids National Bank

Cedar Rapids, Iowa, *May 25, 1900.* $500.00

This Certifies that there have been deposited in this Bank No. 5347

Five Hundred Dollars

payable to the order of *Henry L. Miller*

only on the return of this Certificate properly endorsed

Not Subject to Check

Geo. Peters.

President Cashier

Discount Ticket.

College City, May 15, **190—**

NOTES AND DRAFTS LEFT FOR DISCOUNT

By *The Student*

Note or Draft	MAKER OR DRAWEE	Face	Int. to Maturity	AMOUNT
Note	*J. B. Turner*	*34 63*	*11*	*34 74*
Draft	*C. A. Clemens*	*50*		*50*
	Total,			*84 74*
	Discount,			*55*
	Proceeds,			*84 19*

When the business man takes notes or drafts to the bank for discount, he delivers with them a ticket, listing the several papers, including accrued interest, if any, giving the total, the discount and the proceeds. If the latter is correct, the teller of the bank will give credit for same as a deposit.

Drafts and Acceptances.

A Commercial or Individual Draft is a formal order for the payment of money, and drawn by a business firm on some other firm that is indebted to the drawer on account. A draft may be drawn payable "on demand," or "at sight," that is, upon presentation; or, in case the account is not due at the time the draft is drawn, at a specified number of days "after sight." The former are called "sight drafts" and the latter "time drafts."

The parties to a draft are designated in the same manner as are the parties to a check.

An Individual Demand Draft.

Norfolk, Neb., July 1, 190— No 13.

On demand Pay to the order of

The Student $75—

Seventy-five Dollars

WITH EXCHANGE.

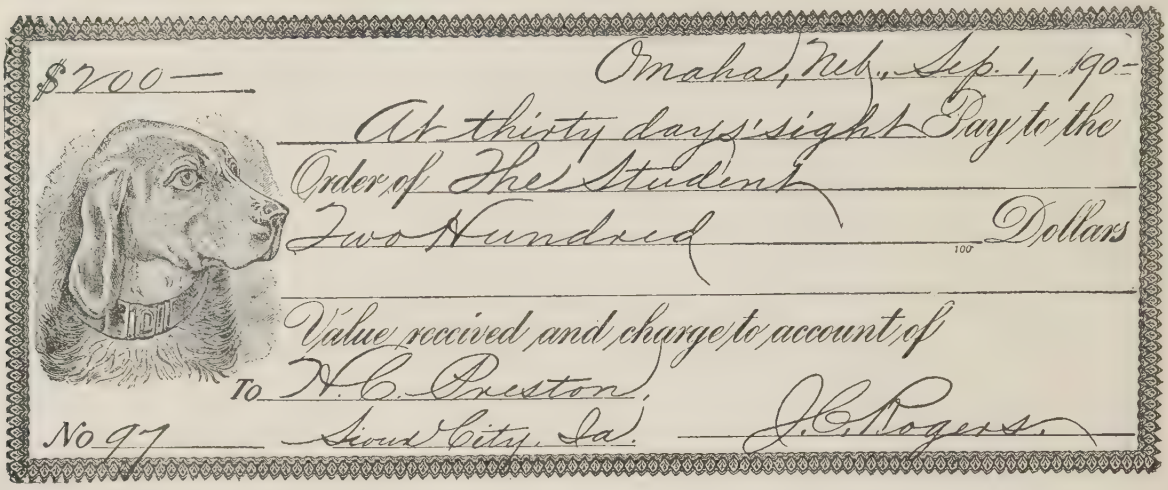
Value received and charge the same to account of

To H. A. Stone.

Sioux City, Ia. *G. O. Fremont.*

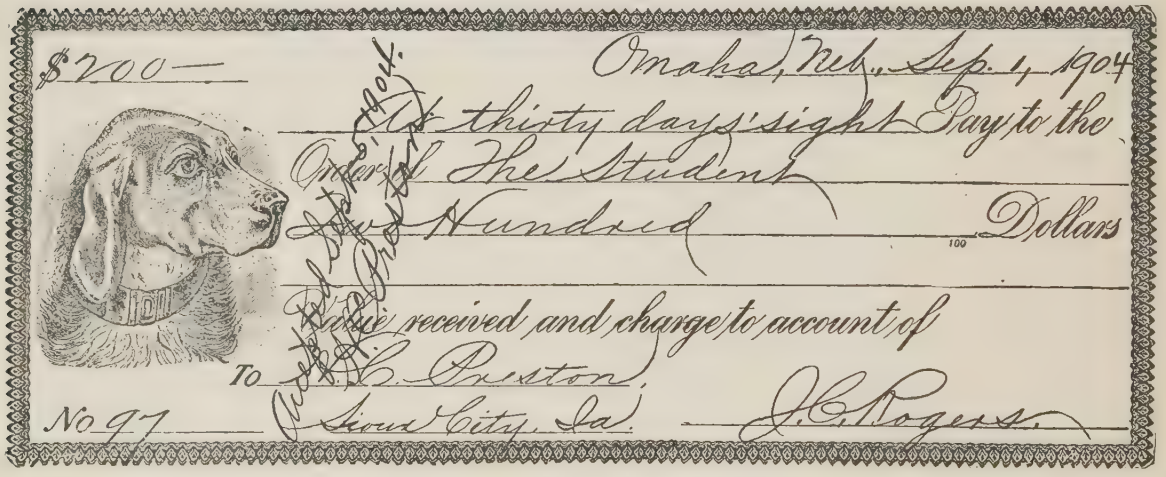
Drafts are used to adjust accounts without the transmission of money. If Fremont owes the Student $75, and Stone owes Fremont, the latter firm can draw on Stone payable to the Student, and the payment of this draft will adjust the several accounts. When the draft is made payable at sight or on demand, the drawee is expected to pay the draft when first presented.

An Individual Time Draft.


$700—
Omaha, Neb., Sep. 1, 190—
At thirty days sight Pay to the
Order of The Student
Two Hundred 100 Dollars
Value received and charge to account of
To H. C. Preston,
Sioux City, Ia.
No 97
J. C. Rogers.

The above draft is drawn at thirty days sight, meaning thirty days after sight, and it should be presented to Preston as soon as possible for "acceptance." To accept this draft, Preston should write across the face of the draft (red ink being preferred) the word "Accepted," the current date, and his signature, using two lines. The draft, after Preston has accepted it, is called an "Acceptance."

An Accepted Draft.



Commercial drafts are more commonly used as a means of making collections from distant firms through the agency of a bank. In this case the drawer makes out the draft payable to the order of "Myself," or "Ourselves," and endorses the draft in favor of the bank "for collection," or he makes the draft payable directly to the collecting bank, who forwards it for payment or acceptance.

Goods are often paid for with the buyer's acceptance at the time of purchase, the acceptance in such case being used in place of a promissory note.

Dishonor and Protest. If, upon the presentation of a draft, the drawee declines either to pay it or accept it, the draft is said to be "dishonored." In the case of a refusal to pay an acceptance it should at once be protested, as in the case of a refusal to pay a promissory note. (See page 84)

Theory of a Draft. When drafts are used in business, the presumption is that the drawee owes the drawer, and that the latter owes the payee, but drafts are frequently employed when these conditions do not hold, especially in the case of drafts delivered to a bank for collection. In this case the drawer does not owe the bank, the latter merely acts as his agent in making the collection.

The principles of debit and credit apply to drafts in the same way as to orders. For both drafts and acceptances, they may be summarized as follows:

1. Credit persons when you draw on them and dispose of the drafts, or they accept the drafts.

NOTE. In the case of drafts drawn for collection do not make the credit until the draft is accepted or paid.

2. Debit persons when you pay or accept their drafts on you.

3. The Acceptances of others are Bills Receivable to you, while your own acceptances are, on your books, Bills Payable.

EXERCISES IN COMMERCIAL DRAFTS.

After carefully considering the foregoing principles, take a blank sheet of paper and give in the form of Journal entries the debits and credits required for the following suppositional transactions:

1. Bought 50 barrels of Sugar @ $11, and gave in payment my sight draft on Cook & Allen.
2. Paid cash for Roberts & Co.'s draft on me for $75.80
3. Accepted C. H. Parker's draft on me at 30 days' sight for $150.
4. S. Jones & Son accept my draft on them at 30 days' sight for $250.
5. Gave Wilson & Brown on account my draft on Davis Bros. for $75.
6. Discounted at the Citizen's Bank, Jones & Son's acceptance, for $250, less 6 per cent of face, receiving the proceeds in cash.
7. Henry Bell & Co. pay me on account their draft on Miller & Parks for $100, which draft the latter firm accepts.
8. Paid cash for my acceptance favor C. H. Parker, $150.
9. Miller & Swift pay me cash for their acceptance of Jan. 6, $87.50.
10. The First National Bank remits cash for my draft on Mansfield, Carter & Co. for $400, less 2 per cent for collection.
11. Sold 20 brls. Flour @ $4.00 to Snyder & Locke, receiving in payment Hill & Morlin's acceptance in their favor for $50. Balance on account.
12. Sold to A. H. Harper & Sons 2560 lbs. Butter @ 10c, taking in payment my acceptance favor of Cooper Bros. for $140 and their draft at 30 days on Day & Co. for the balance.

Proprietor's Private Account.

When the proprietor or partner in a business withdraws goods or small sums of money for personal use, it is usual to charge such amounts to a private, or personal account, kept with the person making such withdrawals. It is assumed that these withdrawals are from the profits, rather than from the investment in the business, and it would therefore not be proper to charge them to the proprietor's investment account, unless they are for amounts obviously exceeding the proportion of profits accruing to the person making the withdrawals. The Private Account is to be credited with any sums due for salary, also for any ordinary expenditures made in behalf of a business by a partner who uses private funds for this purpose.

Upon closing up a business, the profits may be closed into the proprietor's or partner's private account, and withdrawn at his convenience, or they may be closed into the regular investment account, thus going to increase the capitalization of the business. The latter course is usually followed.

Lease.

A Lease is a written agreement between two parties for the renting of property. The owner of the property is called the Landlord, and he agrees to give possession and use of the property described for a length of time named in the lease. The person renting the property is called the Tenant, and he agrees to pay the landlord the amount named in the lease for the use of the property during the time named. The lease is signed by both landlord and tenant, because each one makes an agreement; and two copies of the lease should be made, so that each party may hold one.

Standard Form of Lease.

This Agreement, Made between *A. R. Andrews* of *College City* of the County of *Johnson* and State of *Indiana* of the first part, and *The Student* of *College City, Johnson Co., Indiana,* of the second part, witnesseth. That the said party of the first part has this day leased unto the party of the second part the following described premises, to-wit:

Room No. 5, in the second floor of Building Nos. 129—133 Second Street, College City, Indiana,

for the term of *Three months* from and after the *Tenth* day of *September* A. D., 190—, at the *monthly* rent of *Ten Dollars* to be paid as follows, to-wit:

on the date of this lease and on each month thereafter in advance

And it is further agreed that if any rent shall be due and unpaid, demand therefore being waived, or if default be made in any of the covenants herein contained, it shall then be lawful for said party of the first part to re-enter the said premises and remove all persons and property therefrom, or he may recover possession thereof, by action for the forcible detention of said property.

And the said party of the second part agrees to hire said premises, and to pay the party of the first part therefor the *monthly* rent of *Ten Dollars* to be paid as follows, to-wit: *on the date of this lease and on each month thereafter in advance* except when said premises are untenable by reason of fire from any other cause than the carelessness of the party of the second part, or of persons of *his* family or in *his* employ, or by superior force or inevitable necessity.

And the said party of the second part covenants that *he* will use said premises as a*n* *office* and for no other purpose whatever; and that *he* especially will not use said premises nor permit the same to be used for any unlawful business or purpose whatever; that *he* will not assign this lease or let or underlet said premises without the written consent of the lessor, under the penalty of the forfeiture of all *his* rights under the lease; and that *he* will use due care and diligence in guarding said property from damage; that *he* will keep the same in such repair as the same now are, or may at any time be placed in by the lessor, damages by superior force, inevitable necessity, or fire from any other cause than that from the carelessness of the lessee, or persons of *his* family or in *his* employ, excepted; and that at the expiration of this lease, or upon a breach by said lessee of any of the covenants herein contained *he* will, without further notice of any kind, quit and surrender the possession of said premises in as good condition as reasonable use, natural wear and decay thereof will permit, damages by fire as aforesaid, superior force, or inevitable necessity, only excepted.

IN WITNESS WHEREOF, the said parties have hereunto subscribed their names on this *Tenth* day of *September* A. D., 190—

A. R. Andrews

per John Simmons, Agent.

The Student

Making Shipments.

RETAIN THIS IN THE BOOK FOR A

SHIPPER'S RECEIPT.

C. & G. T. *Railway Co.*

Cassopolis Mich. 4/6. 190.0..

Received from S. C. Vernier & Co.

the following articles in good order, to be delivered in like order, as addressed, without unnecessary delay.

Consignee M. F. Webster

Destination Chicago Ill.

NO PKGS.	DESCRIPTION OF ARTICLES.	WEIGHT.
5	Bx Butter	42
1	Bx Dried Poultry	56
6	Cs Eggs	270

R. S. Halladay *Agent*

The Freight Agent will Detach this for a

SHIPPING BILL.

Freight delivered to the

C. & G. T. *Railway Co.*

For Transportation.

Cassopolis Mich. 4/6. 190.0..

Consignor S. C. Vernier & Co.

Consignee M. F. Webster

Destination Chicago Ill.

NO. PKGS.	DESCRIPTION OF ARTICLES.	WEIGHT.
5	Bx Butter	42
1	Bx Dried Poultry	56
6	Cs Eggs	270

In shipping goods by rail, the shipper fills out at least two blank forms known respectively as a **Shipper's Receipt** and a **Shipping Bill.** These are usually bound in the same book. They together constitute a duplicate record of the goods shipped, the name of the consignor, (shipper) and consignee, (person to whom the goods are shipped), the number of the packages, weight, etc., as shown by the accompanying forms. Business firms, as a rule, make out their own shipping bills and receipts.

The shipping bill is delivered to the agent, while the shipper retains the Shipper's Receipt, which is signed by the agent.

In case there is no one in the Freight Office, the Student can detach the shipping bill, and deliver it with the merchandise tickets for shipment through Outgoing Papers, and the teacher can sign the shipper's receipt or leave it unsigned as he may prefer.

Another form which is being used in business, consists of an original shipper's receipt, with two leaves for taking carbon copies in the form of shipping bills, one of the copies being kept by the freight agent and the other being sent to the consignee with his invoice, taking the place of a bill of lading unless the latter is especially requested.

A Bill of Lading is an acknowledgment of the receipt of merchandise for shipment. It is made out by the agent of the transportation company, and includes an itemized list of the merchandise received, parcels, weight, rate, and amount of freight charges, also stating whether the latter are paid or unpaid.

A Way Bill is a complete description of the goods sent out by the forwarding agent of the transportation company, giving all information that the receiving agent may require in delivering them to the consignee.

F. O. B. In quoting prices of goods, dealers may give prices in their sales rooms, to which extra charges would be added for cartage, casing, etc., or they may quote the prices "F. O. B." (Free on Board), that is, delivered on the cars at the shipping point named free of all extra charges.

Receiving Shipments.

Upon the arrival of the goods from another station, the receiving freight clerk prepares an expense bill and consignee's receipt, as shown by the accompanying forms.

These set forth all freight or other expense charges of the railroad company, with a list of the parcels, weights, etc.

The consignee signs the consignee's receipt, which is retained by the railroad office, while the expense bill, if paid, is receipted by the freight agent and delivered to the consignee.

(Expense Bill—for Freight Received.)

Silver Lake Mich. July 12 1900

Consignee C. H. Benton

To THE COMMERCIAL RAILWAY COMPANY, Dr.

For Transportation of Merchandise as specified below:

	DESCRIPTION OF MERCHANDISE	WEIGHT	RATE		AMOUNT	
Consignor Western Milling Co						
From Chicago	40 Sks. Ex. Flour					
No. of W. B. 2746	24 " Gr. Flour					
Date of W. B. 7/10/1900	20 " Middlings	4550		50	22	75
Initials of Car A. L.						
No. of Car 35619						

Received payment for the Company,

J. L. Sanborn *Agent.*

(Consignee's Receipt for Freight.)

Silver Lake, Mich. July 12 1900

Consignee C. H. Benton

Received in Good Order from

THE COMMERCIAL RAILWAY COMPANY

The Merchandise specified below:

	DESCRIPTION OF MERCHANDISE	WEIGHT	RATE		AMOUNT	
Consignor Western Millings						
From Chicago	40 Sks Ex. Flour					
No. of W. B. 2746	24 " Gr. Flour					
Date of W. B. 7/10/1900	20 " Middlings	4550		50	22	75
Initials of Car A. L.						
No. of Car 35619						

C. H. Benton *Consignee*

The two papers above are usually so arranged that the written portion of the consignee's receipt, except the signature, is a carbon duplicate of the expense bill.

Another plan followed by express companies and some railway companies, is to have a Freight Received Register with columns for recording all information pertaining to the shipment in a single line; a column also being provided for the consignee's signature. In such case an expense bill would also be required.

Invoices or Bills.

When goods are sold, it is usual for the seller to give the buyer a complete list of the goods, with prices, discounts, amounts, etc. Such a list, made out in due form, is called by the buyer an "Invoice" and by the seller a "Bill."

NOTE.—In business, the terms "bill" and "invoice" are, to a considerable extent, used interchangeably. As a rule, however, the buyer refers to the list of goods included in the given purchase as an *invoice*, while the seller usually speaks of the same list as a *bill*. The term "bill" is also used broadly to mean any written statement of indebtedness that is presented by the creditor to the debtor.

When the goods have been paid for, the seller should certify the fact on the face of the bill. This may be done either by stamping the word "Paid" on the bill, or by writing the words "Received Payment" at the bottom, over the sellers's signature.

The following form illustrates a receipted invoice, or bill:

An Invoice Verified and "O. K'd."

RICHARD WALSH, PRES. JNO. P. BOYLE, V. PRES. FRED. J. LANGE, TREAS. JAMES M. BURNS, SECY.

Walsh Lange & Company
SUCCESSORS TO JOHN S. GOULD
Wholesale Grocers
3-5-7-9-11-13 State St.

Chicago March 14, 1900.

Sold to R. L. Davis & Co. Marion, Iowa

Terms: Cash

✓	4	boxes Lemons	3.25	✓ 13		
✓	8	cases Canned Peaches, 3 lb.	6.10	✓ 48 80		
✓	50	dozen Salmon, Holly, 1 lb.	1.70	✓ 85	✓	146 80

Received Payment
Walsh, Lange & Co
per C. J.

O K
R. L. D.

What to do When an Invoice of Merchandise is Received.

1. Verify the invoice, by comparing the several items with the accompanying merchandise, "checking off" the items of the invoice as they are found to be correct, using the check mark (✓) before each item, as shown on the above invoice.

2. Verify and check the extensions. (Extensions are amounts entered in the first money column of the invoice opposite each item. They are found by multiplying together the price and the number of articles mentioned in each item.)

3. Verify and check the total, adding the several extensions, and if any discounts are allowed, see that they are correctly computed.

4. If the invoice is found to be correct in every particular, write or stamp the letters "O. K." or the words "Correct" or "Verified," upon it in some conspicuous place.

SPECIAL NOTICE.—Whenever, in the course of your work, an invoice of merchandise is received, carry out the foregoing directions *in the order given*, and with the greatest care, until the matter of the proper disposal of your merchandise purchases becomes *a fixed habit.*

Trade Discounts.

Trade or Commercial Discounts, are deductions from prices, or from the face of the bill, allowed by the seller to the buyer. These discounts may be allowed as means of adjusting catalog prices to the variations of the market, or to encourage prompt payment, or to induce the purchase of goods in large quantities.

Discounts when applied to the whole bill, are specified in the terms of sale on the face of the bill, (see "Terms of Sale,") or there may be special discounts allowed on different items. The accompanying form of bill shows the manner of entering the discounts and terms of sale, where special discounts are allowed, and where a general discount of 5 per cent is given, provided the bill is paid within 30 days.

Columbus, Ohio, Dec. 15, 190—

MASON, CLARKE & CO.,

Sold to A. C. Preston,

Terms: 5/30

10	Doz. Ginger Ale,	$1.00	Less 10 per cent.	9	
8	" Root Beer,	.90	" 5 "	6	84
40	Gal. Cider Vinegar,	.12	" 8 "	4	42
				20	26
		Less 5 per cent		1	01
					19 25

Received Payment,
Mason, Clarke & Co.

Terms of Sale. The terms upon which the goods are sold should always be stated in the bill. "Terms Cash" implies that the bill is to be paid in from 10 to 30 days, according to custom. In most parts of the country cash terms are allowed if the bill is paid within 30 days. "Spot Cash" means that the goods are to be paid for on delivery. "5/30" implies that if the goods are paid for within 30 days, a discount of 5 per cent will be allowed. "Cash 10 and 2 per cent off" implies that a discount of 10 per cent is given on the face of the bill, and an additional discount of 2 per cent on the proceeds if cash is paid.

Sometimes three or more successive discounts are allowed as "10, 5 and 2 off", these are known as "Series Discounts."

The Terms of Sale should be given in the Sales Book or Purchase Book entry, and also entered in the explanation column of the Ledger, at the time the amount of the sale is posted.

NOTE.—The entry of terms of sale in the Ledger affords a ready means of arriving at the exact status of a customer's account, and is a convenient guide in preparing statements. The practice is generally observed by accountants in wholesaling, and should not be neglected in your present business.

Hamilton & Sons.

190—							190—					
Jan	4	S. B.	30 days	7	156	70	Feb.	2	C. B	26	156	70
"	19	"	60 "	18	249	25	Mar.	5	J.	47	125	
Feb.	3	"	30 "	27	125							
"	20	"	2-10, n 60 "	38	200							

Discrepancies in Business Papers.

It sometimes happens, through carelessness of the writer, that there is a disagreement in the amounts given in a check, note, or other business paper. In such case the amount as written in the body of the paper is taken, and not the figure amount in the margin.

Cost-Marking Goods.

In business it is often desirable to mark various articles of merchandise with their cost, and in such a way that only the merchant or his salesmen can interpret the markings. This is usually done "in cipher," that is, by selecting a word or phrase, containing just ten letters, all different, and using these letters instead of the ten figures, in making the cost marks. The following are illustrations of cost-mark ciphers:

No. 1.

b l a c k h o r s e
1 2 3 4 5 6 7 8 9 0

No. 2.

n o w b e q u i c k
1 2 3 4 5 6 7 8 9 0

Explanation.—In case of an article that cost $3.25, the cost mark in cipher No. 1 would be "alk," and in cipher No. 2 would be "woe."

To avoid repetition of the same letters, "repeaters" are often selected. Supposing x, y, and z were to be used, the amount $22.22 instead of being marked from cipher No. 1, "llll" could be "l y z x."

Memorandum of Credit.

In case of errors in billing, shortages (that is' the shipment of a smaller quantity of goods than the invoice calls for), the shipment of damaged goods, etc., the matter is usually adjusted between the parties through a Memorandum of Credit, which is a written acknowledgment of the error, sent by the party at fault, to the party in whose favor the amount is to be credited.

The person or firm receiving the memorandum of credit, debits the person who sends it, crediting whatever account was affected by the original transaction, which, in most cases, is the Merchandise Account.

The person sending the memorandum of credit, credits the person to whom it is sent, and debits the account affected.

The form here given illustrates the usual method of making out a memorandum of credit.

Memorandum of Credit.

Vincennes, Ind., *Oct. 5,* 190—

From... **S. H. Baker & Co.,**

WHOLESALE GROCERS

56 Main Street.

To *James H. Bell*

Elkhart, Ind.

	Special discount on Invoice Oct. 3. 190—, to correct overcharge	*3 75*

Invoice File.

A convenient means of filing invoices, consists in pasting them in a book prepared for the purpose. The invoices are filed in the order they are received, those from the same firm being kept together. The first invoice is filed by applying paste or mucilage to the upper margin of the back, and attaching it at the top of the page. The next is attached beneath the first one, and in such a way that the heading of No. 2 is covered by No. 1. (See the illustration on page 98.) Invoices filed in this way may be kept indefinitely, and are always easily accessible when wanted.

Illustration of Invoice File.

RICHARD WALSH, Pres. JNO. P. BOYLE, V Pres FRED J. LANGE, Treas JAMES M. BURNS, Secy.

HOLLY BRAND — Walsh Lange & Company, Chicago.

SILVER STAR BRAND — TRADE MARK — WALSH LANGE & COMPANY, CHICAGO.

Walsh Lange & Company. Wholesale Grocers

Successors to John S. Gould & Co.

3-5-7-9-11-13 State St.

Chicago March 14, 1900.

Sold to R. L. Davis & Co. Marion, Iowa

Terms: Cash

✓	15	Cs Red Apr	2.50	✓	37	50	
✓	20	" Pie Peaches, 3-lb tins	2.25	✓	45		
✓	12	" C & P Corn	2.00	✓	24		
✓	15	" NE Bkd Beans	1.75	✓	126	25	
					132	75	
		Less 5%		✓	6	64	✓ 126 11
		O.K. W.J.					

✓	5	Box NY A Cheese 32½ lb	.10½	✓	33	71	
✓	50	Cs M & F Tomatoes	1.08	✓	54		
✓	20	Sks Split Peas 81 lb	.10	✓	8	10	
✓	10	Sks Dg Sugar	4.70	✓	47		✓ 216 41
O.K. W.J.							

✓ 30	Box Kirk's A F Soap	$1.85	✓	$85.50	
✓ 15	Box Hotel Soap	1.60	✓	24	
✓ 25	Kegs (5 Gal.) Sw. Mx. Pickles	3.80	✓	95	
✓ 40	Cases Olympia Tomatoes	1.60	✓	64	
✓ 12	Cases Sun Lamp Chimneys	2.00	✓	24	✓ 292.50

O.K. W.J.

D. V. C. Bruce, Prest. R. C. Bruce, Vice Prest. A. C. Fischer, Secy.

AGENTS ARE NOT AUTHORIZED TO RECEIVE MONEY ON OUR ACCOUNT EXCEPT ON WRITTEN ORDER SIGNED BY THE COMPANY

R. L. Davis & Co., Chicago, Ill. Mar. 9, 190-.

Marion, Ia.

ESTABLISHED 1858. INCORPORATED 1890.

BOUGHT OF Price Flavoring Extract Co. OUR EXTRACTS NEVER FREEZE.

ILLINOIS & CASS STS.

WE PREFER A REMITTANCE BUT IF UNPAID AT MATURITY SUBJECT TO DRAFT WITHOUT FURTHER NOTICE

SALESMAN Kucker TERMS 60 d. 2% 10 d.

SHIPPED VIA C. &. N. W.

166 20

L. A. TALCOTT CO. TELEPHONE 2168. L. A. TALCOTT, Prest & Treas M. O. TALCOTT, V. Prest ISAAC N. CONARD Secy.

OUR SPECIALTIES LEMONS, ORANGES IN TINS VEGETABLES, FRUIT, MEATS FISH.

FOREIGN & DOMESTIC FRUITS Fancy Groceries

112 S. WATER ST.

Chicago, Mar 10. 190

Sold to R L Davis & Co

Terms 2/10 N/30 Marion, Iowa

215 25

W. P. DEVEREUX & CO. GRAIN & MILLSTUFFS Commission & Shipping.

Minneapolis, Mar 18 190

Sold to R. L. Davis & Co

Marion, Iowa

Terms 5/10 Net 60 days

126 11

All claims for Loss or Damage must be reported direct to the Transportation Co. Our responsibility ceases when Merchandise is receipted for in good order. Goods not satisfactory should be held and notice sent us promptly.

DIRECTORS ASAPH BUCK Pres't M. E. McGRATH V. Pres't THOS. JOHN Sec & Treas. A. E. BUCK WM. BALLINGER

BUCK-REINER COMPANY WHOLESALE GROCERS AND COFFEE ROASTERS.

St. Louis, March 18, 190-.

Sold to R. L. Davis & Co.,

Marion, Ia.

TERMS: 30 days or 5 per cent discount allowed if paid at our office within 10 days from date of Invoice.

	100 Bx. Evap. Ap. 5000 lb.	.05 1/2	275	
	75 Bx. Cal. Evap. Peaches 3750 lb.	.07	262 50	
	50 Bx. Cal. Prunes (choice) 1250 lb.	.10 1/2	131 25	668 75

668 75

1176 31

Invoice Book.

Merchants frequently file their invoices in such a way as to make an Invoice Book from which postings can be made to the Ledger. To secure this form, the invoices are filed in consecutive order as they are received, the firm name, date, and terms being left visible, and the amount of each invoice being recorded on the right margin opposite the firm name. The lower part of each invoice is pasted to the leaf of the invoice book, and the upper is left loose, so that it can be lifted if we wish to see the items of any invoice immediately preceding. The amounts of the invoices extended to the right margin can be added and forwarded, the total, when posted, being carried to the debit of Mdse., the same as in the Purchase Book. The form on page 99 represents a page of the Invoice Book, with the Ledger folios of the several accounts as post marks.

Statements.

A statement is a written announcement or exhibit of the state of a debtor's account as shown by the creditor's books. It is usually drawn from the Ledger and may give the balance due, or a list of debits with their dates, followed by a list of credits with their dates, and the resulting balance.

Statements do not repeat items already rendered in previous statements, but merely the balance due with any additional items of debit or credit not previously rendered.

Business men usually send out statements on or near the first of each month, to all persons who owe them on account, or at any other time when the account is to be paid in full.

Statements may be sent by mail or presented in person. If paid, they should be receipted he same as bills.

The accompanying models illustrate the form of statement required under the different conditions specified.

M C. L. Dudley & Co.

Rock Island, Ill.

In Acc't with....

Feb. 1 1900

No. 1—One Debit.

Jan. 1	To Bill Rendered			179 40

No. 2—Several Debits.

Feb.	1	To Bills Rend.	50			
	6	" " "	75	50		
	15	" " "	125	75	251	25

No. 3—A Debit and a Credit.

Mar.	2	To Bills Rend.	275	50		
		—Cr.—				
Mar.	9	Cash	100		175	50

No. 4—Several Debits and Several Credits. (Receipted.)

Oct.	11	To Bills Rend.	250			
	16	" " "	125	50		
	20	" " "	50	25	425	75
		—Cr.—				
Oct.	16	Mdse. returned	15	50		
	18	Cash	150			
	25	Mem. of Cr.	25	90	191	40
					234	35
		Rec'd. Payment				
		B. N. L. Co.				
		Per C.B.				

Business Letters.

Hereafter a portion of your business will be conducted through correspondence.

Nothing in the every-day work of a business man is more important than the proper management of his business correspondence.

When business letters are received they should be answered promptly and the matters to which they relate attended to at once.

In most business houses, all letters received are carefully filed in receptacles provided for the purpose, and copies of all letters sent out are also kept on file. In this course, however, you need not file the letters received, or retain copies of your own letters unless specially instructed to do so.

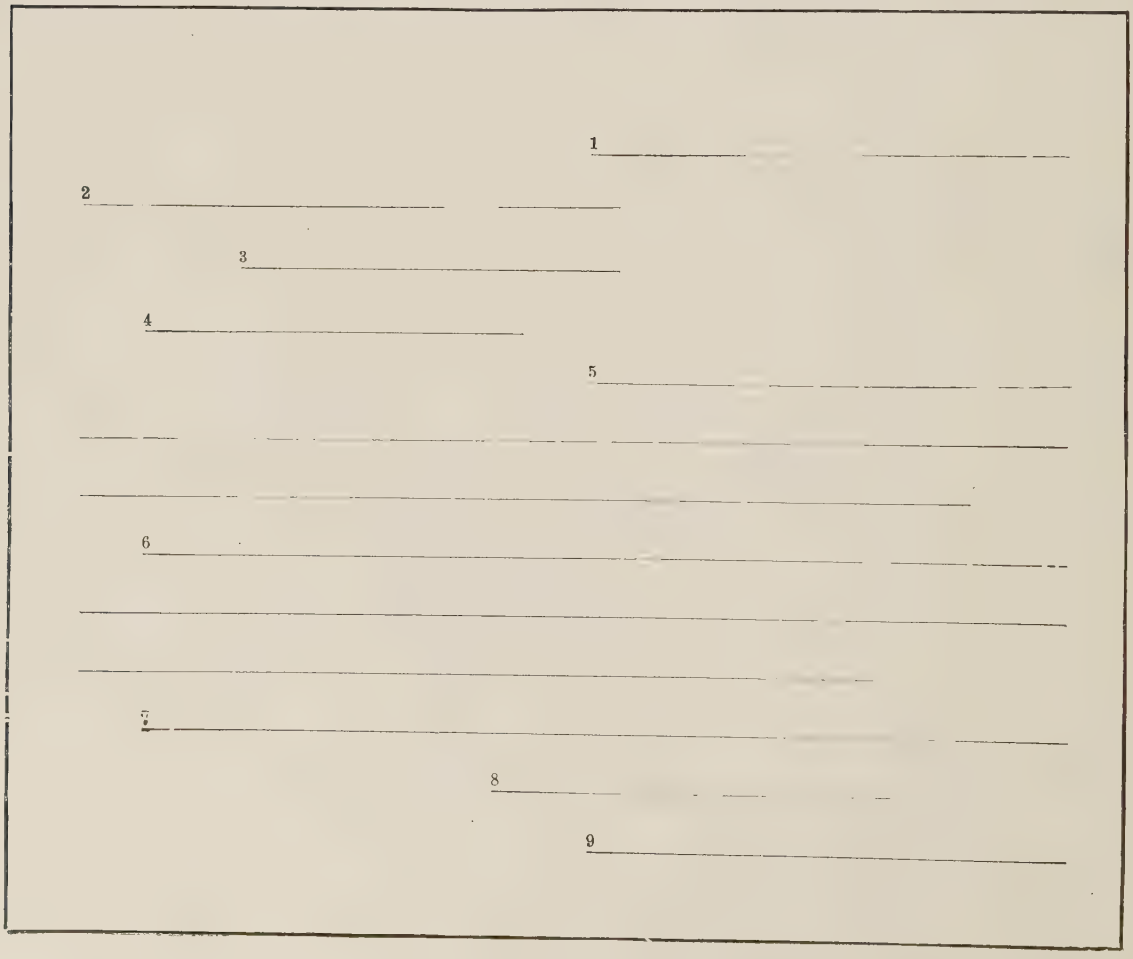
We can best describe the general form and spacing of the various parts of a letter in the diagram given below, which should be followed by the student in all of his business letters.

In this diagram, line 1 represents the address of the writer, which should begin about half way across the page from left to right, and usually on the first ruled line from the top of the page. The address line should contain the writer's address, town and state, and also the date of the letter. If the writer's address is a city, his street and number can be written on a line immediately above the town and state.

Line 2 represents the name of the party addressed, and line 3 the address of the same party.

Line 4 represents the title of respect, as, Sir, or Madam; Dear Sir, or Dear Madam, Gentlemen, or Sirs. After the title of respect, we should use a dash (—), or a colon and dash (:—). The latter is more commonly used.

Diagram of a Business Letter.



Line 5 represents the beginning of the body of the letter on the next line below the title of respect.

Lines 6 and 7 represent new paragraphs. Each new topic, or general division of an extended topic, should be made a distinct paragraph. The first line of each paragraph is indented, in order that anyone desiring to refer to some point in the letter can do so without reading the entire letter.

Line 8 represents the complimentary closing; as, Yours truly, Yours respectfully, Very truly yours. There is a tendency in this age of electricity, to great hurry and brevity in all business composition, and hence to drop all needless expressions; such as, the title of respect at the opening of a letter, and the complimentary closing just preceding the writer's signature; but it would be a great loss to have the civilities and courtesies of life crowded out more than is absolutely necessary to business success.

Line 9 represents the writer's signature. This should be written so plainly that it could be easily read by a stranger.

The accompanying letter conforms to the foregoing diagram and illustrates, also the punctuation required. Take it as a model in your business correspondence.

Racine, Wis, June 16, 1900.

A. W. Bell & Co,
Chicago, Ill.

Gentlemen:—

In response to yours of the 4th inst., we have to report that the eggs and poultry will be shipped this evening by the Str. "Betty Morgan."

We have found some difficulty in filling your order for prime strawberries, as the crop in this section has been damaged by the recent heavy rains. We have managed to get some twenty crates, however, which we will express by first train tomorrow.

Hoping the goods sent will prove satisfactory, and soliciting your further patronage, we are,

Very truly yours,
H. M. Hammond & Sons.

Folding. Business letters are, as a rule, written on standard sized paper 8½x11 inches, and are inclosed in "No. 6" or "No. 6½" envelopes (that is, envelopes 6 or 6½ inches in length). No. 6 envelopes are supplied with your office equipment.

To fold a letter for insertion in an envelope, proceed as follows:

1. Place the sheet before you face upward; take hold of the bottom margin and turn it upward to within one-fourth of an inch of the top margin, being careful to have the side margins even, then fold by running the finger nail firmly across the bottom of the folded sheet.

2. Turn upward about 2½ inches of the right hand margin of the folded sheet to the left, and fold.

3. Bring the left hand margin over to the right within one-fourth of an inch of the last fold, and fold firmly with the finger nail as before.

Be careful to have the margins in the right positions before folding, and keep the sheet free from creases, finger marks, etc.

Enclosures. By an "Enclosure", is meant any paper, as a draft, receipt, money order, or the like, which is enclosed in a letter. The enclosure should be placed face upwards across the top of the letter and folded with it.

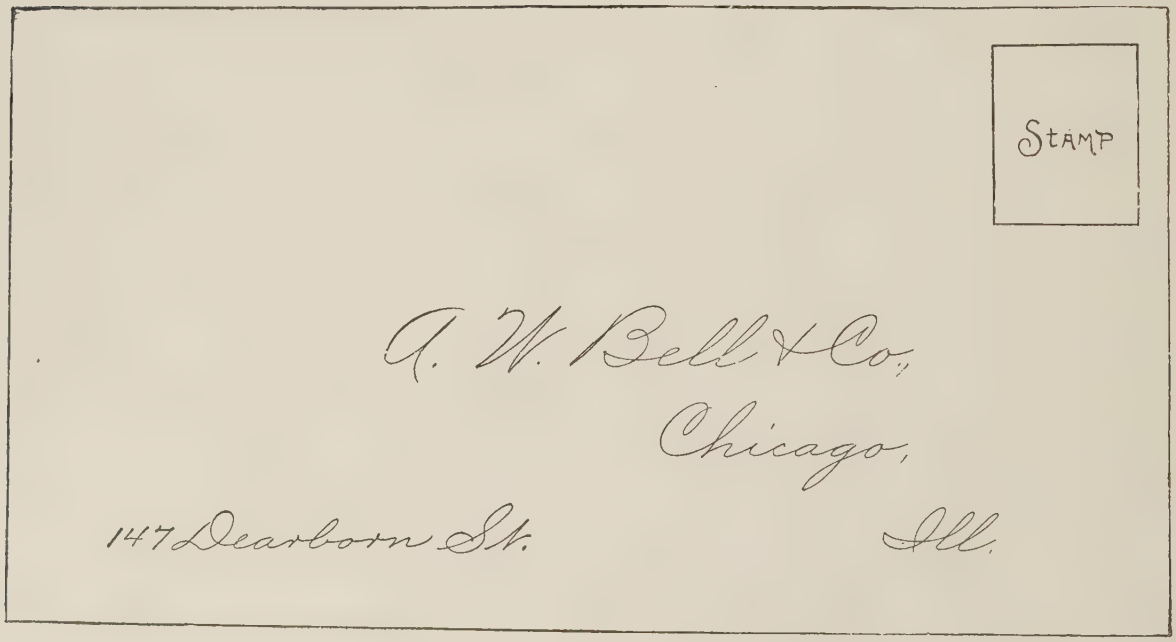
When one or two stamps are enclosed, they may be pinned (not stuck) to the top of the sheet, and circulars, extra letters, etc., should not be folded with the letter as in the case of other enclosures, but inserted separately.

Superscription. The address on an envelope should occupy three lines, the name of the person addressed being written on the first line, his town on the second line, and his state on the third. If he has a postoffice box or street number, either of these may be given on the third line to the left of the state. If the person addressed is a stranger in the town and his letter is sent in the care of another person, the address of the latter would be written on the third line in place of the street and number.

The first line of the address should begin a little below midway between the top and bottom of the envelope, and far enough to the left to allow writing the name plainly.

If the writer wants the letter returned in case it is not delivered to the party addressed, he will write his own name and address in the upper left corner of the envelope.

The diagram below represents an envelope addressed and stamped ready for mailing.



Model Letters. The following letters illustrate the style and phraseology that should characterize the ordinary business letter.

Explicitness, brevity and courtesy are the desirable qualities. Great care should be taken to have the letter correct in the matter of spelling, capitalizing, and punctuating, neat and business-like as to folding, superscription, etc., and free from all ingrammaticisms, slang, or objectionable expressions.

No. 1.—Letter Ordering Goods.

Davenport, Iowa, Jan. 21, 190—

Walsh, Lange & Co.,
Chicago, Ill.

Gentlemen:--Please ship us at once by C. R. I. & P. Ry., and bill on account, naming your best discount offer for cash in five days.

12 cans Best Tomatoes,
100 lbs. Armour's Dried Beef,
25 XX S. C. Hams,
5 brl. A. Sugar.

We would refer you to the College National Bank and the Real Estate Agency, both of our city, as to our financial standing.

Yours truly,
A. C. Trumbull & Sons.

No. 2.—Answer to No. 1.

Chicago, Ill., Jan. 22, 190—

A. C. Trumbull & Sons,
Davenport, Iowa.

Gentlemen:--Acknowledging your order of the 21st, we have to say that we have shipped goods per C., R. I. & P. today, with the exception of the XX S. C. Hams, which we were unable to obtain.

We have, however, sent you instead, the C. & G. Peerless, goods of practically the same grade, which we think you will find entirely satisfactory.

Yours very truly,
Walsh, Lange & Co.
Per J. M.

No. 3.—Notice of Draft.

College City, Jan. 2, 190—

Messrs. Stacy & Wentworth,
Central City.

Gentlemen:--We have drawn sight drafts on your firm this day as follows:

No. 1, Favor H. B. Bentley, for	$ 21.00
No. 2, Favor Student's Com. Bank, for	120.00
Total	$141.00

Please honor the same when presented, and thereby greatly oblige,

Yours truly,
A. Learner.

No. 4.—Letter Inclosing Remittance with Discount.

Pittsburg, Pa., Oct. 25, 190—

Mason Hardware Co.
Bennington, Ohio.

Gentlemen:--We note your discount offer on invoice of the (16th) inst., and we enclose bank draft for $245.49 for the proceeds of the invoice after deducting two per cent discount.

Please render receipt for same.

Very truly yours,
The Student.

No. 5.—Request for Remittance.

Silver Springs, Iowa, May 6, 190—

Mr. M. C. Williams,
Grantville, Iowa.

Dear Sir:--The balance of your account with this firm, $67.25, has been overdue since April 1st. I do not wish to appear urgent, but shall esteem it a favor if you will forward a remittance as soon as may be convenient.

Yours respectfully,
L. T. Upson.

No. 6.—Answer to the Foregoing.

Grantville, Iowa, May 8, 190—

Mr. L. T. Upson,
Silver Springs, Iowa.

Dear Sir:--I have your favor of the 6th inst. courteously advising me that my account is past due and requesting a remittance. I enclose you Chicago draft for the amount, $67.25. Kindly excuse my delay in making the remittance.

Yours very truly,
M. C. Williams.

Order Tickets.

The order ticket illustrated below, is used for ordering merchandise from other firms in the same city. It should specify the terms of purchase, but as it is used only in local purchases, no shipping instructions are required.

The student will use order tickets in his purchases from firms at the Commercial Exchange.

ORDER TICKET.

College City, Sept. 5, 190

Mr. *E. C. Kingman*

Please Deliver

25 bu. Beans

100 lbs. Cheese

For which *I enclose check for $49.50*

The Student.

ORDER TICKET.

College City, Sept. 5, 190

Mr. *J. C. Aldrich*

Please Deliver

40 bu. Beans

For which *charge my account*

The Student.

Commercial Agencies.

A Commercial Agency is a concern that is organized for the purpose of suppyling information regarding trade in general, also the "rating" or financial standing of persons and firms doing business in the territory covered by the agency. The best known commercial agencies in the United States are those of R. G. Dun & Co. and Bradstreet, although there are several other smaller ones operating in special lines of trade.

These concerns publish weekly statements as to the condition of business, and supply their patrons with periodically revised lists, containing the financial rating of more than a million corporations, firms and persons engaged in business in the United States.

A good rating in an accredited commercial agency is an acceptable basis of credit in the commercial centers of the country, and is thus employed by large numbers of business firms.

Financial Statements.

Any exhibt of the conditions or results of a business is known as a Financial Statement.

If carried out in detail, itemizing all resources and liabilities, and showing sources of gains and losses, it is called a Balance Sheet.

Statements may be simple or elaborate, according to the purpose for which they are wanted. The statement called for by the Union Coal Co., in the present set, only requires the present resources and liabilities.

Make out this statement on a page of journal paper, as in the form below, using your own name and place of business, and the current date instead of those given in the form.

Financial Statement of The Student

Dealer in Flour, Fuel and Produce, No. 26 Main St., Elgin, Ill.

September 6, 190--

RESOURCES:

Cash on hand and in bank - -		
Mdse. Inventory this date - -		
Chattels, Warehouse Fixtures -		
Bills Receivable, Notes on hand -		
Personal Accounts, as per Ledger -		

LIABILITIES:

Bills Payable, owed on outstanding notes - - -		
Personal Accounts as per Ledger -		
Net Present Worth of business - -		

I hereby certify that the foregoing is a correct exibit of my present resources and liabilities.

The Student.

Merchandise List for Student No. 1.

MODERN INDUCTIVE BOOKKEEPING.

Buying **Busines Practice. Set Two** **Selling**

No.	Quantity on Shipping Card	Buying Price	Gross Weight	Freight Rate	NAME of ARTICLE	How Estimated	OF WHOM BOUGHT	Quantity on Selling Card	Selling Price	No.
				Per cwt.						
1	10 Sacks	45	250	25	Corn Meal	Sack	Anchor Mills	1 Sack	65	1
2	10 Brls.	4 25	2100	20	Flour, Acme	Brl.	Anchor Mills	1 Brl.	5 75	2
3	10 Sacks	95	500	25	Flour, XX	Sack	Anchor Mills	1 Sack	1 25	3
4	10 Cwt.	75	1000	20	Chop Feed	Cwt.	Anchor Mills	1 Cwt.	1 15	4
5	10 Sacks	60	250	25	Graham Flour	Sack	Anchor Mills	1 Sack	80	5
				Per ton						
6	15 Tons	2 25	15 T.	1 75	Coal, Briar Hill	Ton	Union Coal Co.	1½ Tons	5 25	6
7	15 Tons	4 75	15 T.	2 25	Coal, Lehigh Valley	Ton	Union Coal Co.	1½ Tons	8 50	7
8	12½ Tons	2 75	12½ T.	1 80	Coal, Poca'tas	Ton	Union Coal Co.	1¼ Tons	6 00	8
9	15 Tons	5 25	15 T.	2 25	Coal, Scranton	Ton	Union Coal Co.	1½ Tons	8 75	9
10	10 Tons	3 75	10 T.	2 25	Coke, West V.	Ton	Union Coal Co.	1 Ton	7 75	10

No.	Quantity on Buying Card	Buying Price	NAME OF ARTICLE	How Estimated	TO WHOM SOLD	Quantity on Shipping Card	Gross Weight	Freight Rate	Selling Price	No.
11	50 bu.	40	Barley	pr. bu.	Western Cereal Co.	500 bu.	24000	15	58	11
12	40 bu.	1 45	Beans	pr. bu.	Central Produce Co.	400 bu.	24000	15	1 75	12
13	50 bu.	25	Corn	pr. bu.	Western Cereal Co.	500 bu.	28000	15	45	13
14	50 lbs.	17	Butter	pr. lb.	Central Produce Co.	500 lbs.	550	40	23	14
15	75 bu.	28	Oats	pr. bu.	Western Cereal Co.	750 bu.	24000	15	44	15
16	50 lbs.	11	Cheese	pr. lb.	Central Produce Co.	500 lbs.	550	40	15	16
17	50 bu.	45	Rye	pr. bu.	Western Cereal Co.	500 bu.	28000	15	62	17
18	25 doz.	15	Eggs	pr. dz.	Central Produce Co.	250 doz.	450	50	22	18
19	45 bu.	62	Wheat	pr. bu.	Western Cereal Co.	450 bu.	27000	15	81	19
20	50 bu.	38	Potatoes	pr. bu.	Central Produce Co.	500 bu.	30000	12	54	20

Amount of the note discounted in Section Two, $400, in both Office and Tablet courses. In the Office course you will pay rent as follows: Office per month $15, Warehouse per month $25, Coal Yard per month $10.

In the Tablet course the amount of rent is given in the lease forms which are delivered through the tablet of business papers.

Transactions.

In the transactions for Set Two, the instructions are arranged for either the office or tablet method. The majority of the transactions are the same for both methods. Special instructions for students in the office method will be given in short lines on the left of the page, and instructions for students in the tablet method will be given in the same style on the right of the page. Students using the office method will note all full line instructions and all short lines printed on the left of the center. Students using the tablet method will note all full line instructions and all short lines printed on the right of the center.

SECTION ONE.

101. Commence the flour, fuel, and produce business with the cash you had on hand and in bank, at the close of set one. (In bank $854.65, on hand $56.60.)

If you change banks at this point, transfer your balance by writing a check on the old bank in favor of the new, for your balance in bank, and deposit the same in the new bank.

If you continue to deal with the same bank, have your balance transferred to a new folio in your pass book. In writing checks in this set, use the larger check book having two checks to the page.

See second form of Check Book Stubs.

102. Rent a room for your business office, for three months, giving your check in advance for the first month and taking receipt for same, which you will file in "Receipts and Vouchers."

Make a memorandum entry in your Journal. Read "Leases," pages 91 and 92, and "Journal Memoranda," page 83.

Office Course. Rent of the Real Estate agency at the monthly rate named in your directory card. The agent will draw up two leases in duplicate. You will sign and return one copy, and keep the other copy, filing it in "Letters and Documents."

Tablet Course. Rent of the party indicated in the lease found in your tablet, and at the rate there given. Complete the lease by writing the current date, your town and name. Make a copy of the lease, using a blank found in your outfit. Sign this copy and deliver it to Mr. Norton, by placing it in "Outgoing Papers." Fold and file your lease in "Letters and Documents." Deliver your check for rent through "Outgoing Papers," and find receipt for same in your tablet.

103. Engage Henry Sutton as office clerk and bookkeeper at a weekly rate equal to one-half of your monthly rent for office.

Make a memorandum entry in your Journal. See "Journal Memoranda" page 83.

104. Pay cash to the Commercial Exchange for books and stationery for your office, $5. No receipt.

Office Course. In paying cash to the Commercial Exchange, deliver a ticket with the cash, giving your name, the date, and for what payment is made.

Tablet Course. In all tablet course transactions, the Commercial Exchange will be represented by "Outgoing Papers."

105. Buy of E. C. Kingman, 1—11, 2—13, giving your check in payment.

In above transaction, 1—11 means 1 single card of Merchandise No. 11 in list, and 2—13 means 2 cards of Merchandise No. 13. If the student has list No. 1, the articles above described would be 50 bu. barley and 100 bu. corn. If list No. 2 is used, the articles would be 40 bu. beans and 100 lbs. butter. Other lists would have correspondingly different results.

In the business course the student will use the list that has been assigned to him by the teacher, and in no case should he refer to a different list in his business transactions.

Study "Order Tickets" on page 106.

The purchases of items Nos. 11 to 20 are supposed to be made from local farmers who will not deliver invoices or bills with the produce. These purchases should be itemized in the Purchase Book.

See entry No. 2 in Purchase Book, page 82.

In carrying out Transaction 105, write an order ticket to Kingman for the items wanted, and a check in his favor for the amount estimated at your buying prices. In writing the order ticket, give the quantity and name of each item ordered. The numbers in your instructions only refer to your price list, and are not to be used in your papers or your records.

Office Course. Leave the order ticket and check for above items at the Commercial Exchange, receiving the merchandise tickets which you will place in your Merchandise Envelope.

Tablet Course. Leave your check and order ticket in "Outgoing Papers," and take from your "Produce Supply" pad the quantities and kinds of merchandise required.

106. Order of the wholesale firms given in your directory the merchandise listed below, asking them to bill on account and to name their best discount for cash in five days. Instruct them to ship by the Business College Railway, unless a different transportation line has been selected.

Study "Business Letters," on page 102, and "Trade Discounts," on page 96.

Office Course. Order the quantity represented on one shipping card each of Nos. 1, 3, 5, 7 and 9.

Write letters for these orders and deliver them properly addressed, for mailing. As this is your first transaction with each of these firms, give your Bank and the Real Estate Agency as references. In ordering from the wholesale firms, give the quantities and the names of the articles instead of the cards and numbers. Thus, the orders from List No. 1 would read, "10 sacks Corn Meal, 10 sacks XX Flour, 10 sacks Graham Flour, 15 tons Lehigh Valley Coal, and 15 tons Scranton Coal."

Tablet Course. Order 50 sacks Corn Meal, 40 brls. Acme Flour, 50 sacks XX Flour, 30 cwt. Chop Feed, 70 sacks Graham Flour.

Write a letter for this order and mail it through "Outgoing Papers." In your letter, give the Exchange Bank as a reference.

Make memorandum entries of such orders. Do not consider them as purchases until you are instructed to verify and enter the invoices in a later transaction. See "Journal Memoranda" on page 83.

107. Buy of J. C. Aldrich, on account, 2—12, 2—14.

See entry No. 1 in "Purchase Book," page 82.

Office Course. Take an order ticket to the Commercial Exchange, and receive the merchandise cards.

Tablet Course. Leave your order ticket in "Outgoing Papers" and take the required merchandise from your "Produce Supply" pad.

108. In your present business you are to keep for sale Merchandise Nos. 1 to 10 given on your price list, and you are to buy for shipment, Merchandise Nos. 11 to 20. Write an announcement of your business for insertion in the "School News." Make the ad. attractive. Submit the ad. to your teacher, and pay cash for advertising space in "School News," $5, taking a receipt.

Office Course. Make this payment at the Commercial Exchange, taking a receipt properly filled out for signature by the manager of the Commercial Exchange.

Tablet Course. Make this payment through "Outgoing Papers" and take the receipt for same from your tablet.

109. Buy of O. R. Thomas, 3—12, 3—13, giving your note at 10 days in payment.

Use one of the blanks in your book of promissory notes, being careful to make the proper entries in the note stub. Deliver the note with the order ticket.

See entry No. 4 in Purchase Book, page 82.

Study "Promissory Notes" on page 84, and the "Bill Book" on page 85, after which enter the above note in your Bills Payable.

Office Course. Unless otherwise specified, all purchases of items Nos. 11 to 20 will be made at the Commercial Exchange, where the proper papers (in Transaction 109 an order ticket and a note properly signed) will be delivered and the required merchandise will be received.

Tablet Course. Unless otherwise specified, all purchases of items Nos. 11 to 20, will be made by delivering the proper papers (in Transaction 109 an order ticket and a note properly signed) through "Outgoing Papers," and taking the required merchandise from your "Produce Supply" pad.

110. Pay cash at the Commercial Exchange for cleaning office, $1.50, taking no receipt.

Balance and prove your Cash, and report to the teacher your cash and bank balances.

SECTION TWO.

111. Buy of H. E. Baker, on account, 1—11, 2—12, 3—14.

Hereafter, all purchases of Merchandise Nos. 11 to 20 will be made as directed in Transaction 105, unless the student is otherwise instructed. If a transaction is similar to one already carried out, the explanations previously given will not be repeated.

112. Rent for 3 months, at the rate indicated below, a warehouse for storing your produce, giving your check for the first month's rent and taking a receipt for same.

Follow same method of procedure as given in Transaction 102.

113. Buy of O. R. Thomas 3—13, 2—15, giving your check in payment.

114. Buy of C. A. Chase, on account, 2—11, 3—12, 4—14.

115. In order to increase your bank balance, make your note at 15 days, without grace, favor your bank for the amount named in your directory. Take the note to the teacher for indorsement. Estimate the bank discount (interest in advance) on this note at the rate of six per cent per annum, for 15 days. Estimate the discount and the proceeds, recording the same on a Discount Ticket, which you will take to the bank with the note. receiving credit on your pass book for the proceeds if your estimate is correct.

See "Discount Ticket," page 89. In the present transaction the note is without interest and the total on the discount ticket will be merely the face of the note.

The teller will make a record in your pass book like the following, except the amounts which may differ.

Oct. 6	Proceeds Note	400 00 1 00	399

Enter in the Journal, Cash Book, and Bill Book,

116. Buy of A. R. Spencer, 2—13, 1—14, giving your check for same.

117. Order of the wholesale firms the following merchandise, asking them to bill same on account with best discount for cash. Give shipping instructions, the same as in Transaction 106.

Office Course. Order one shipping card each of Nos. 2, 4, 6, 8 and 10.

Tablet Course. Order 10 sacks of Corn Meal, 10 sacks XX Flour, 10 cwt. Chop Feed, 10 sacks Graham Flour, 30 tons Briar Hill Coal, 25 tons Pocahontas Coal.

118. Buy of C. A. Chase, on account, 5—15, 2—16.

119. As you are about to ship all of produce Nos. 12 and 14 you have on hand, estimate drayage to the Freight Office on the gross weight of this produce at the rate of 2½ cents per hundred pounds, making a check favor the Lane Transfer Co. for the amount. Write on the left lower margin of the check, "For Drayage to date." No receipt will be required.

Office Course. Deliver above check to the Commercial Exchange.

Tablet Course. Deliver above check through "Outgoing Papers."

120. Place in one of your empty Freight Cars all produce Nos. 12 and 14 you have on hand, and prepare shipping bills for the produce to be delivered to the firm in your Directory who buys these varieties. Send this shipment "Transportation prepaid," giving a check payable to your railway company for freight, estimated at the rate given in your directory.

See "Making Shipments," page 93, and "Consignor's Expense Bill," page 112.

Office Course. Deliver the freight car, shipping receipt in duplicate, and the check to the agent at the Freight Office, who will remove the shipping bill and will sign and return to you the shipper's receipt, and will give you a consignor's expense bill.

Tablet Course. Assuming that your shipper's receipt has been signed by the freight agent, remove the shipping bill from your "Shipper's Receipt Book" and deliver the same with the freight car and check through "Outgoing Papers." Fill out the consignor's expense bill found in your tablet, which is usually filled out by the freight agent. Estimate the freight as shipped from your town to Central City at the rate given in your Directory.

Consignor's Expense Bill.

When the shipper prepays freight charges on a shipment of merchandise, he will receive from the transportation company a Consignor's Expense Bill or a receipt for prepaid freight. These prepaid freight receipts should be carefully filed as vouchers.

Form of Consignor's Expense Bill.

Receipt for Prepaid Freight Charges Collected at

College City

FROM

The Student

consignor. To apply in prepayment of charges on freight consigned to

Central Produce Co.

Consignee

At *Central City*

W. B. No. *632* Dated *9/6,* 190 *5*

Car Initials *B. C. R.* Car No. *2916*

Capacity of Car *40,000* Pounds

Consignor Dr.

To BUSINESS COLLEGE RAILWAY CO.

DESCRIPTION OF ARTICLES.	WEIGHT	RATE	Amount Prepaid
1 Car Wheat	*27,000*	*15*	*40 50*
Total to Collect			*40 50*

Received Payment *J. C. Long* Agent *Sept. 6,* 190 *5*

Transactions--Continued.

121. Bill the two varieties of produce, shipped in preceding transaction, on account at the selling price given in your directory, using a regular bill head. Enclose the bill in envelope properly addressed for mailing.

122. Buy of H. J. Turner, 3—16, 1—18' 1—20, giving your note at 5 days for same. Balance and prove your Cash, and report to the teacher your cash and bank balances.

SECTION THREE.

123. Buy of J. C. Aldrich, on account, 3—11, 3—15.

124. Rent a Coal Yard for three months at the rate named below, giving your check for the first month's rent and taking a receipt as usual.

Follow the instructions under Transaction 102.

Office Course. If there are no special instructions corresponding to those given in the Tablet Course, the office space will be left blank.

Tablet Course. In addition to the renting of the Coal Yard, buy of D. C. Cameron a stock of Coal, the invoice and merchandise cards for same being delivered through your tablet. Verify the invoice and give Cameron in payment, your three notes in equal amounts payable in 30, 60, and 90 days. Deliver the notes through "Outgoing Papers."

See "What to do When an Invoice of Merchandise is Received," page 95.

Remember to make entry in Purchase Book and Bill Book.

125. Buy of A. R. Gordon, on account, 4—16, 2—17.

126. Draw on the firm to whom you sold produce in Transaction 121, for two-fifths of the amount of your bill, making the draft at five days sight in favor of your bank, who will discount the draft at one-half of one per cent from the face amount and give credit for same as a deposit. Make out deposit ticket and present the same at bank with the draft and your pass book, receiving credit for the proceeds. Make a compound Journal Entry, and carry proceeds of the draft to your Cash Book.

In filling out the foregoing deposit ticket, write under "List of Checks and Drafts" the name of the firm on whom you have drawn, the amount of the draft, the amount deducted for discount, and extend the proceeds in the last column as the amount of your deposit.

See "Drafts and Acceptances," page 89.

Write a letter to the firm on whom you have drawn, advising them of the draft.

See "Business Letters," form No. 3, page 105.

Discount Entries. There are two methods of recording discount in connection with cash receipts or payments. One method, the compound journal entry, we have just suggested. The other method omits the journal entry and requires two cash book entries, one on each side.

By the first method the last transaction would be entered as follows, the amount and the firm name varying in the different changes:

Compound Journal Entry.

√	Cash	Drew on Cent. Prod. Co.	329 34		
	Discount	and deposited the draft less	1 66		
	Central Produce Co.	a discount of ½ per cent			331

Entry on Debit Side of Cash Book.

√	Journal	Central Produce Co.	329 34		

By the second method, the above transaction would be entered as follows on the two sides of the cash book.

Entry on Debit Side of Cash Book.

Central Produce Co.	Dft. less disct. ½ % deposited		331		

Entry on Credit Side of Cash Book.

Discount	Dft. on Cent. Prod. Co. disctd. ½ %		1 66		

The first method, using the compound journal entry, offers an advantage over the second method and is better bookkeeping, in presenting in one entry a complete history of the transaction. The second method offers an advantage over the first in being briefer. The amounts posted to the ledger will be the same in either case.

We have planned for the use of the first method in Set 2, and the second method in Set 3 where the special columns will allow more complete records.

127. Estimate and pay drayage to the Freight Office on all produce Nos. 13 and 15 you have on hand, following the instructions given in Transaction 119.

128. Load all you have of produce Nos. 13 and 15 in a freight car for shipment to the firm buying these varieties. Prepare shipping bills and check for freight, following the instructions given in Transaction 120.

129. Bill the two varieties of produce, shipped in the preceding transaction, on account at your selling price. Place the bill in an envelope properly directed for mailing.

130. The merchandise ordered in Transaction 106 should now be ready for entry.

See "Receiving Shipments," page 94.

Office Course. If the goods are at the Freight Office, give a check to pay the freight charges, signing a freight receipt and receiving an expense bill. If the Freight Office is not open, the teacher will arrange for you to receive the merchandise, and you can estimate the freight charges from your directory and give a check, favor the B. C. Railway, to the Commercial Exchange for the amount.

Tablet Course. Receive through your tablet the invoice, freight receipt, expense bill and the merchandise cards for your order in Transaction 106. If the expense bill is correct, write a check payable to the Business College Railway for same, sign the freight receipt and deliver it with the check through "Outgoing Papers." File the expense bill as a receipt.

131. Verify and enter the invoice or invoices for the merchandise received in the preceding transaction.

See "Invoices or Bills," page 95, and "What to do when an Invoice of Merchandise is Received," page 95.

See "Purchase Book," entry No. 3, page 82.

After you have verified the invoices, file them in your Invoice Blank, reserving two pages, an open folio, for each wholesale firm.

See "Invoice File," page 97.

Office Course. If the Wholesale Office has not rendered invoices, you can make itemized entries in your Purchase Book, without filing the invoices, estimating the amounts from the buying prices in your directory.

Tablet Course. If there are no special instructions corresponding to those given in the Office Course, the Tablet space will be left vacant.

132. Pay the Commercial Exchange cash for drayage on the merchandise you received in Transaction 130, taking no receipt. The regular drayage rate on this and subsequent invoice will be 2½ cents per cwt. on the gross weight of meal, flour and chop feed, and 25 cents per ton on coal and coke.

133. Order from your wholesale firm or firms on account, giving shipping instructions as in previous orders:

Office Course. Two shipping cards of No. 1, one of No. 2, three of No. 5, two of No. 6, and two of No. 10.

Tablet Course. 20 brls. Acme Flour, 10 cwt. Chop Feed, 20 sks. Graham Four, 30 tons Lehigh Valley Coal, 10 tons West Virginia Coke.

134. Sell J. W. Davis, on account, 1—1, 2—3, 1—9.

Use short bill heads for billing all local sales.

In retail sales the first number refers to the small coupon tickets, or selling cards, and the second number to the variety on the price list. If the student is using Directory No. One, the above sale would include 1 sack Corn Meal, 2 sacks XX Flour, 1½ tons Scranton Coal The use of other directories would change the varieties of merchandise.

Office Course. All sales will be made at the Commercial Exchange, unless the student is instructed to ship by freight.

Tablet Course. In making sales, deliver the required merchandise cards with the bill through "Outgoing Papers."

135. Make a deposit of checks and currency, keeping a balance of small bills and fractionals as indicated on your directory card.

Explanation. The above general plan of indicating amounts to be deposited will be followed in future transactions in this course.

If the student's cash before making a deposit consists mainly of bank checks and there is not as much currency on hand as his required cash balance, he can list his checks on the deposit ticket, and under the total of the checks write "Less Cash," giving the amount necessary to make up the cash balance. He will have credit for the balance of the checks after deducting the cash which he will receive from the bank.

136. Buy of H. E. Baker, on account, 1—16, 5—17.

137. Sell J. B. Ellis, on account, 2—5, 2—7.

138. Sell C. C. Norton, for cash, 3—1, 1—3, 3—5.

Office Course. The Commercial Exchange will make the payment for C. C. Norton, using either currency or a bank check as the teacher may designate for all such payments.

Tablet Course. Cash received from sales or other sources will be found in the Incoming Currency envelope. Take from the envelope the exact amount, if possible, or take a larger amount in bills and return the necessary change from your cash envelope. If at any time you are unable to make change, report to your teacher.

Balance and prove your Cash, and report to the teacher your cash and bank balances.

SECTION FOUR

139. Buy of O. R. Miner, 2—11, 3—19, 2—20, giving your check for same.

140. Make the following sale to E. A. Pelton on his note at 5 days:

Office Course. Sell E. A. Pelton, 4—1, 2—5, 3—9. Fill out the note and take it with the merchandise and receipted bill to the Commercial Exchange, where you will receive Pelton's signature on the note.

Tablet Course. Sell E. A. Pelton, 4 sacks Corn Meal, 2 sacks Graham Flour, 4½ tons Scranton Coal, receiving through your tablet Pelton's note for same. Deliver a receipted bill with the merchandise through "Outgoing Papers."

In receipting this bill, use the expression "Received payment by Note 5 days," followed by your signature.

141. Order from your wholesale firms on account, giving shipping instructions as in previous orders.

Office Course. Two shipping cards each of Nos. 3, 4, 7, 8 and 9.

Tablet Course. 20 sacks Corn Meal, 10 cwt. Chop Feed, 15 tons Scranton Coal.

142. Give J. C. Aldrich a check to pay for your purchase on account in Transaction 107.

Write on the lower margin of the check, to the left of your signature, "For Account," and no receipt will be required. Mr. Aldrich will have this check paid at bank, and the paid check will be returned to you, and will remain in your file as a voucher for the payment you have made.

143. Insure your merchandise in warehouse for three months in the College Insurance Co., giving cash for the estimated premium at three-fourths of one per cent of the amount insured which is given on next page.

Office Course. Insure for an amount equal to ten times your monthly rent for warehouse. If you have no insurance agency in class, give your check for premium on insurance to the Commercial Exchange, and omit the policy.

Tablet Course. Insure for $250, receiving the insurance policy through your tablet and delivering the cash in payment through "Outgoing Papers." The name of the assured, the place and date are necessarily left blank on the insurance policy for the student to fill in.

144. Sell E. J. Fowler, on account, 3—3, 1—5, 3—7.

145. Buy of O. R. Thomas, 1—11, 3—17, giving your check for same.

146. Collect cash of J. B. Ellis for the sale made in Transaction 137, giving receipt for same.

147. Estimate and pay drayage to the Freight Office on all produce Nos. 11, 16 and 17 you have on hand, following the instructions given in Transaction 119.

148. Load ten cards each of produce Nos. 11, 16 and 17 in freight cars for shipment to the firms buying these varieties. Use a freight car for each consignee. Prepare shipping bills and a check for freight, following the instructions given in Transaction 120.

149. Bill the three varieties of produce, shipped in preceding transaction, on account, at your selling prices.

150. Estimate two per cent discount on the invoice of the Anchor Mills recorded in Transaction 131, and buy a bank draft for the proceeds of this invoice, having the draft made payable to yourself and indorsing it to the Anchor Mills, to whom you will send it for credit asking them to give you credit also for the discount to balance the invoice.

Give your check for this draft and for exchange 5 cents if the draft is for less than $40, and, one-eighth of one per cent of the face, if the draft is for more than $40. Such a check should be made payable to "Draft," and the check stub should give the face of the draft, for whom purchased, and the amount of exchange.

Make compound Journal entry debiting Expense for the exchange, and enter the amount of the check in the Cash Book. See "Bank Drafts," page 87, and "Business Letters," No. 4, page 106.

Office Course. Leave your check and a request for draft at bank and the banker will write the required draft for you.

Tablet Course. Receive the above bank draft through your tablet and deliver check for same through "Outgoing Papers." Complete the draft by filling in the place and date and your name as payee.

151. Buy of H. E. Baker, on account, 2—18, 2—19, 3—20.

152. Sell J. O. Rogers, for cash, 1—1, 4—3, 1—7, 4—9.

153. The merchandise ordered in Transaction 117 should now be ready for entry. Follow the instructions given in Transaction 130, giving your check for freight charges.

An expense bill should be delivered for each car of Coal, but no freight receipt is required with shipments of Coal, as it is assumed that they have already been switched to the coal yards and that receipt for same was there given.

154. Verify and enter the invoices for the merchandise received in preceding transaction and file the invoices, following instructions given in Transaction 131.

155. Pay cash for drayage on the merchandise received in Transaction 153, estimated at the same rates as in Transaction 132.

156. Draw at sight on the firm to whom you sold produce in Transaction 121, for the balance of that bill after deducting the amount of your draft in Transaction 126. Make the draft in favor of your bank, discounting the draft at one-half of one per cent, and depositing the proceeds. Make out a deposit ticket, and write a letter giving notice of the draft, as in Transaction 126.

Balance and prove your Cash, and report your cash and bank balances.

Foot up your purchases and sales, and post to your Ledger, observing the following order: (1) From Purchase Book, (2) from Sales Book, (3) from Cash Book, (4) from Journal.

In opening accounts in the ledger, the student will locate them as instructed on the cover page, arranging the accounts in two groups, the proprietary and general accounts being grouped

in the first part of the ledger, and the personal accounts being grouped in the latter part of the ledger. The above classification is planned for Sets Two and Three.

Rule up any personal accounts that are in balance.

Take a trial balance of your Ledger and submit it for approval before you proceed.

Indexing the Ledger.

As the number of accounts in the Ledger increases, it becomes impracticable for the bookkeeper to remember the pages of all of them, and a ledger index is necessary.

Four pages have been reserved for this purpose at the beginning of your Ledger.

Enter the title of each ledger account under the proper letter, Merchandise under M, Expense under E, etc. In the case of personal accounts, write the surnames first, as Thornton, A. W., Stone, J. R. Record the ledger page of the account in the narrow column after the title.

The index affords you ready means of finding any account in the Ledger.

Hereafter, index all ledger accounts *at the time they are opened.*

Preparing Your Books for Inspection.

If you have carried out all instructions thus far given, and have prepared a trial balance, you may now prepare your books for inspection, removing with a pen knife or rubber eraser all ink blots, finger marks, or other defacements, which in any way detract from the neatness of their appearance.

When this is done, submit your books to your teacher for inspection and verification, but do not submit any of your business papers or office files until instructed to do so at the close of Section Six.

While your books are in the hands of your teacher, prepare pen-written answers to the following questions:

Questions for Written Examination.

1. What is the purpose of bookkeeping?
2. What qualities, at least three, should mark the work of a good bookkeeper?
3. What advantages are gained by keeping money on deposit in the bank?
4. What is the purpose of indexing the ledger accounts, and when should the indexing be done?
5. What is the purpose of an inventory, and when is it required?
6. What is the purpose of a financial statement?
7. If a financial statement were required in the present business, what inventories would be necessary?
8. When is an account said to be in balance?
9. What four results are shown by accounts?

In making a financial statement of your present business, what results would be shown by the following accounts:—

10. The Investment Account?
11. The Cash Balance?
12. Expense?
13. Merchandise?
14. Bills Payable?
15. Bills Receivable?
16. Interest and Discount?
17. J. C. Aldrich?
18. H. E. Baker?
19. C. A. Chase?
20. A. R. Gordon?
21. Anchor Mills?
22. Union Coal Co.?
23. Central Produce Co.?
24. Western Cereal Co.?
25. J. W. Davis?
26. E. J. Fowler?

SECTION FIVE.

157. Buy of C. A. Chase, on account, 3—18, 1—19, 4—20.

158. Collect cash or check of J. W. Davis in payment for the merchandise you sold him in Transaction 134, delivering a receipt for the amount.

159. Deduct two per cent discount from the invoices entered in Transaction 154 and remit a bank draft to each firm for the proceeds of the invoice, asking them to allow credit also for the discount.

Give the bank your check for these drafts and for exchange 5 cents for each draft for less than $40, and one-eighth of one per cent of the face of each draft for more than $40.

Follow the instructions given in Transaction 150.

160. Draw on the firm to whom you sold produce in Trans. 129, making a sight draft for the amount of the sale. Discount the draft at ½ of one per cent, depositing the proceeds.

Follow the instructions given in Transaction 126, but do not send the above firm notice of the draft until instructed to do so at the close of the section.

161. Sell G. C. Denton the items listed below, taking his note at ten days in payment.

Office Course. Sell 2—2, 3—4, 2—6, 2—10.

Tablet Course. Sell 2 brls. Acme Flour, 3 cwt. Chop Feed, 3 tons Briar Hill Coal, 2 tons West Virginia Coke.

Follow instructions given in Transaction 140.

162. Buy of E. A. Graves, 4—18, 4—19, giving your check in payment.

163. Buy of E. C. Petticord, at the Commercial Exchange, an outfit of warehouse implements including fanning mill, shovels, trucks, etc., for a consideration of ten times your monthly rent for warehouse, giving your check for one-fifth of the amount, your sight draft on the Western Cereal Co. for two-fifths, and your note at 5 days for the balance.

Deliver the required papers and assume that you have received the warehouse implements described. Do not send notice of the draft until instructed to do so at the close of the section.

Journalize above transaction, opening an account with "Warehouse Fixtures."

164. Ship per B. C. Railway 10—8 (one shipping card) to W. J. Jerome, Creston, your state, billing the same on account, and because of the large quantity deducting a discount of five per cent from the bill. Make shipping bill and deliver with the Merchandise for shipment, freight charges unpaid. Leave the invoice at the teacher's desk, properly addressed.

See special instructions under Transaction 120.

165. Order the following merchandise from your directory firm or firms, on account:

Office Course. Three shipping cards of No. 3, three of No. 4, two of No. 5, three of No. 7, three of No. 8, and three of No. 9.

Tablet Course. 10 sacks Corn Meal, 10 sacks XX Flour, and 30 tons Briar Hill Coal.

166. Give H. E. Baker your check for one-half the amount you owe him on ledger account, and your note at 5 days for the balance.

Journalize this transaction.

167. Sell J. B. Ellis, on account, 1—1, 1—2, 2—4, 2—5.

168. Collect cash of J. A. Thomas for screening grain, $2.50, giving a receipt for same.

Office Course. Collect at the Commercial Exchange.

Tablet Course. Collect through Incoming Currency.

Credit Warehouse Fixtures.

169. The merchandise ordered in Transaction 133 should now be ready for entry. Follow the instructions given in Transaction 130, giving your check for the freight charges.

170. Verify and enter the invoices for the merchandise received in preceding transaction and file the invoices.

171. Buy of R. J. Johnson, 4—11, 3—12, 2—14, giving your note at 5 days in payment.

172. Estimate and pay drayage to the Freight Office on ten cards each of produce Nos. 18, 19 and 20, following the instructions given in Transaction 119.

173. Load the produce referred to in preceding transaction in freight cars for shipment to the firms buying these varieties, using a freight car for each consignee. Prepare shipping bills, and a check for freight, following the instructions given in Transaction 120.

174. Bill the three varieties of produce, shipped in preceding transaction, on account, at your selling prices.

175. Pay cash to Henry Sutton for clerk hire, the same amount that you pay monthly for office rent. No receipt.

176. Sell C. M. Howard, on account, 3—2, 1—4, 3—6.

177. Buy of M. E. Martin, 3—11, 4—13, 2—15, giving your check for same.

178. Give the Lane Transfer Co. your check for drayage to the Freight Office on the merchandise you shipped in Transaction 164, and from the Freight Office on the merchandise you received in Transaction 169, estimating 25 cents per ton drayage on coal and coke, and 2½ cents per cwt. on other articles.

Debit Merchandise with the entire amount.

179. Deposit cash and checks, keeping a balance as instructed in Transaction 135.

Balance your Cash Book and report your cash and bank balances.

Write to the firms on whom you drew in Transactions 160 and 163, giving notice of the drafts.

Post all entries except the Merchandise totals in the Purchase and Sales Books.

SECTION SIX.

180. Sell G. C. Caldwell, 4—2, 4—4, 4—6, delivering a receipted bill with the merchandise and collecting cash for the same.

181. Buy of C. A. Sherman, 3—11, 5—12, 3—14, giving your check for one-half and your note at 5 days for the balance.

182. Draw on the Western Cereal Co. at sight for balance they owe you, discounting the draft at bank at one-half of one per cent, and depositing the proceeds.

183. Order the following merchandise from the proper firms, instructing each firm to draw on you at ten days' sight for the amount of their invoice.

Office Course. Three shipping cards of No. 1, four of No. 2, three of No. 6, and three of No. 10.

Tablet Course. One shipping card each of Lehigh Valley Coal, Pocahontas Coal, Scranton Coal, and West Virginia Coke.

184. Pay cash for postage, $1, without taking receipt.

185. Charge yourself, on personal account, in the Sales Book for 1—2 and 1—7, delivered for personal use. Destroy the merchandise tickets in this transaction and make no bill.

See "Proprietor's Private Account," page 91.

186. Collect cash or check of E. A. Pelton in payment of his note received in Transaction 140.

Write across the face of the note, "Paid" and the current date, signing your name.

Office Course. Deliver the note to the Commercial Exchange, receiving cash or check for same.

Tablet Course. Receive a check through you tablet and deliver the note through "Outgoing Papers."

187. Buy of A. R. Gordon, on account, 3—14, 3—15.

188. Sell J. B. Ellis, on account, 3—1, 1—6, 2—10.

189. Give your check for $125 to the Victor Scale Co., for a set of Warehouse Scales.

Debit "Warehouse Fixtures."

Office Course. Receive receipted bill at the Commercial Exchange.

Tablet Course. Receive receipted bill through your tablet.

190. Buy of C. A. Chase, 2—12, 3—13, 4—15, giving your check for one-half of the amount, and your note at 10 days for the balance.

191. Give your check to pay the note you gave O. R. Thomas in Transaction 109.

192. Sell J. W. Davis, on account, 3—7, 3—10.

193. Give the Union Coal Co. your sight draft on the Central Produce Co. for the following amount:

Office Course. In full for invoice recorded in Transaction 131.

Tablet Course. For $100 to apply on account.

Write a letter to the Union Coal Co., enclosing the draft, but do not notify the Central Produce Co., until the close of the section.

194. Collect cash from E. J. Fowler for sale made in Transaction 144, giving a receipt for same.

195. Buy of J. C. Aldrich, on account, 3—13, 2—14.

196. Collect cash at the Commercial Exchange for weighing grain and produce on your warehouse scales, $1.75. Give receipt.

197. The merchandise ordered in Transaction 141 should now be ready for entry. Follow the instructions given in Transaction 130, giving your check for freight charges.

198. Verify and enter the invoices for the merchandise received in the preceding transaction and file the invoices. Follow the instructions given in Transaction 131.

199. Estimate and pay drayage to the Freight Office on ten cards each of produce Nos. 11, 12, and 13, following the instructions given in Trasaction 119.

200. Load above produce in freight cars for shipment to the firms buying these varieties, using a freight car for each consignee. Prepare shipping bills and a check for freight, following the instructions given in Transaction 120.

201. Bill the three varieties of produce, shipped in preceding transaction, on acount, at your selling prices.

202. Pay the Lane Transfer Co. cash for drayage on the merchandise received in Transaction 197, estimated at the usual rates.

203. Deposit cash and checks, keeping a balance as instructed in Transaction 135.

Notify the firms on whom you have drawn drafts in Transactions 182 and 193.

Balance and prove your Cash, and report your cash and bank balances.

As you are not rated by either of the Commercial Agencies, the Union Coal Co. asks for a financial statement of your business.

Read "Commercial Agencies" and "Financial Statements," page 107.

Post your Ledger, including the merchandise totals in the Purchase and Sales Books, and take a trial balance.

Take inventory of all merchandise on hand, estimating your list buying prices and freight charges and drayage on Nos. 1 to 10, and list buying prices only on Nos. 11 to 20.

Estimate your warehouse fixtures at cost.

Prepare your books for inspection, following the instructions given at the close of Section Four. Submit your books and your Office File.

Office Course. The student in the office course delivers all of his "Outgoing Papers" to the different office departments, and will not be required to hand in a list, as in the tablet course.

Tablet Course. Deliver also the contents of your file of "Outgoing Papers," after you have carefully assorted them. With the papers submit a list of same in the following form:

Outgoing Papers—Close of Section Six.

Currency Payments ——
Bills Accompanied with Merchandise ——
Bills of Merchandise Shipped ——
Order Tickets ——
Letters ——
Receipts for Incoming Freight ——
Freight Shipments ——
Checks Issued ——
Cancelled Notes ——
Other Papers ——
Dated ——— 190. Signed, ———

Make a Financial Statement as outlined in the Model Financial Statement on page 107, omitting the proprietor's two accounts, and send this statement to the Union Coal Co., leaving it at the teacher's desk properly addressed for mailing.

File a copy of above statement in "Letters and Documents."

SECTION SEVEN.

A bank statement of your deposit account with your cancelled checks should now be ready.

Office Course. Call at the bank for your statement and cancelled checks, or have your pass book balanced if this method is used in your bank.

Tablet Course. As soon as the teacher returns your checks, mark each one "Paid," and make a list of same on the statement blank found in your tablet, and balance your pass book, the same as you did at the close of Set One.

Compare the returned checks with your entries of same in the Cash Book, checking all entries that agree. Test your Cash Book balance, by comparing it with the sum of your bank balance and your cash on hand.

Enclose the returned checks in the accompanying bank statement, marking the package, "Cancelled Checks, Set Two, Sections One to Six," and file in your desk.

204. Make the following sale to E. G. Andrews, receiving cash or check, for one-half the amount and his note at five days for the balance.

Office Course. Sell 3—1, 2—2, 4—3, 3—8, 2—10. Deliver at the Commercial Exchange a receipted bill with the merchandise, and a note in your favor for Andrews' signature.

Tablet Course. Sell 3 sks. Corn Meal, 2 brls. Acme Flour, 4 sks. XX Flour, 3¾ tons Pocahontas Coal, 2 tons West Virginia Coke. Deliver a receipted bill with the merchandise through "Outgoing Papers," and receive check and note through your tablet.

205. Buy of H. E. Baker on account, 1—15, 3—16.

206. Receive cash of James Carter for screening grain, $2.25, giving a receipt.

207. Give your check to pay office rent for the second month, taking a receipt.

You can make this payment in advance, if the rent is not strictly due.

208. W. J. Jerome reports that the price you charged for the merchandise shipped him in Transaction 164, is higher than he understood you were to charge, and asks you for an additional discount of 5 per cent and authorizes you to draw on him at sight for his bill after you allow this additional discount. Send him a memorandum of credit for a special discount of five per cent on the original amount of the sale in Transaction 164 before previous discount was deducted, giving him credit for the same in your Journal. Draw on him at sight in favor of your bank for the balance he owes after deducting the second discount and leave the draft at bank for collection. Send a letter to Mr. Jerome with the memorandum of credit, advising him of the draft, and asking for further orders on the same discount rates.

See "Memorandum of Credit," page 97.

Do not credit Jerome for the draft, until you are advised that the bank has collected it. Make only a pencil memorandum entry in your Ledger like the following:—

"Sight draft $37.50 through bank for collection."

209. Give your check to pay the note you issued in Transaction 122.

210. Discount at bank the note you received in Transaction 161, estimating the discount for six days at the rate of six per cent per annum, and deposit the proceeds with the proceeds of your sight draft on the Central Produce Co. for the balance they owe you, the draft being discounted at the usual rate of one-half of one per cent. Be sure to indorse the above note before taking it to bank, and mark it disposed of in your Bill Book, "Discounted at Bank."

211. Buy of A. R. Dumont, 4—16, 2—17, giving your check for one-half the amount and your note at 10 days for the balance.

212. Sell E. J. Fowler, on account, 4—7, 3—3, 5—9.

213. Pay cash at Commercial Exchange for gas bill for lighting office, one-fifth of your monthly rent for office.

214. Ship by B. C. Railway, 20—5 and 20—10, to O. R. Kingman, Stockton, your state, billing the same on account, and because of the large quantity deducting a discount of ten per cent.

Make shipping bill as usual and deliver with the merchandise for shipment, freight charges unpaid. See Transaction 164.

215. The merchandise ordered in Transaction 165 should now be ready for entry. Follow the instructions previously given, paying the freight charges by check.

216. Verify and enter the invoices for the merchandise received in preceding transaction, following previous instructions.

217. Buy of E. P. Mason, 3—16, 3—17, giving in payment your sight draft on the Western Cereal Co.

218. Receive cash of H. C. Barton for weighing grain and produce, $1.50, giving receipt.

219. Sell P. B. Parker, for cash 5—8, 6—4.

220. Send your sight draft on the Western Cereal Co. to the Anchor Mills, to pay their invoice recorded in transaction 170.

221. Pay the Union Coal Co. in full for their invoices recorded in Transactions 170 and 198, sending your certified check for one-half the amount and your note at ten days for the balance.

Office Course. Take your check to the bank and have it certified, before you send it to the Union Coal Co.

Tablet Course. Represent the teller of the Exchange Bank, in certifying this check.

See "Certified Checks," page 87.

222. Estimate and pay drayage to the Freight Office on ten cards each of produce Nos. 14, 15, and 16, following the instructions given in Transaction 119.

223. Load above produce in freight cars for shipment to the firms buying these varieties, using a freight car for each consignee. Prepare shipping bills and a check for freight, following the instructions given in Transaction 120.

224. Bill the three varieties of produce, shipped in preceding transaction, on account, at your selling prices.

225. Give the Lane Transfer Co. your check to pay drayage on the merchandise you shipped in Transaction 214, and on the merchandise you received in Transaction 215, estimated at the usual rate.

Notify the firms on whom you have drawn drafts in Transactions 210, 217, and 220.

Balance and prove your Cash, and report your cash and bank balances.

Post all entries except the merchandise totals in the Purchase and Sales Books.

SECTION EIGHT.

226. Give your check to pay the second month's rent of your warehouse, taking a receipt.

227. J. B. Ellis settles his account in full in the following manner:

Office Course. J. B. Ellis hands you cash for one-half of his account and his note at five days for the balance. Deliver a receipt in full at the Commercial Exchange with a note in your favor for Ellis's signature.

Tablet Course. Receive through your tablet a note signed by J. B. Ellis to apply on his account, and through "Incoming Currency" enough cash to balance his account. Deliver a receipt in full through "Outgoing Papers."

228. Buy of H. E. Baker, on account, 3—17, 3—19, 2—20.

229. Sell Howard & Preston, 7—2, 13—3, 10—4, allowing them a discount of five per cent and receiving cash in full. Deliver a receipted bill with the merchandise.

230. Give your check to pay your note favor R. J. Johnson, issued in Transaction 171.

231. Receive credit in your bank pass book for the proceeds of the draft you left for collection in Transaction 208, the bank having deducted one-fourth of one per cent of the face of the draft for collection charges.

232. The merchandise ordered in Transaction 183 should now be ready for entry. Follow the instructions previously given, giving your check for the freight charges.

233. Verify and enter the invoice or invoices for the merchandise received in preceding transaction, following previous instructions.

234. Give A. R. Gordon your check to pay for the purchase on account in Transaction 125, and buy of him on account, 2—17, 4—18, 3—20.

235. Sell C. C. Gaines & Co., 10—6, 16—7, 8—8, 7—9, allowing a discount of 7½ per cent and receiving cash for the bill.

236. Draw on the Western Cereal Co. at sight for the balance of their account and discount the draft at bank at the usual rate, depositing the proceeds, and including with the deposit the cash you have received in Transactions 227, 229, and 235.

237. Deduct 5 per cent discount from the bill of the Anchor Mills, entered in Transaction 198, and send them a bank draft for the proceeds, giving your check for the draft and exchange at the usual rate. (See Transaction 150.)

238. Sell C. M. Howard, on account, 4—4, 4—8, 1—10.

239. Settle in full with C. A. Chase, giving him your check for one-half of the amount due and your note at 5 days for the balance.

240. Buy of J. C. Aldrich, on account, 6—18, 7—19, 5—20.

241. Sell H. E. Baker 14—1, 10—5, 10—9, receiving in payment the note you gave him in Transaction 166, and receiving cash or giving your check for the difference.

Office Course. You will find this note at the Commercial Exchange.

Tablet Course. Call on the teacher for this note.

242. Estimate and pay drayage to the Freight Office on all produce Nos. 11 to 20 you have on hand, following the instructions given in Transaction 119.

243. Load the above produce in freight cars for shipment to the firms buying these varieties, using a freight car for each consignee. Prepare shipping bills and a check for freight, following the instructions given in Transaction 120.

244. Bill the varieties of produce, shipped in the preceding transaction, on account, at your selling prices.

245. Pay cash for drayage on the merchandise you received in Transaction 232, estimated at the usual rate.

246. Accept the draft or drafts drawn in response to your instructions in Transaction 183, as follows:

Office Course. Accept and return the drafts drawn by the Anchor Mills and the Union Coal Co., for the merchandise you ordered in Transaction 183 and entered in Transaction 233. If these drafts have not been drawn, send each of these firms your note at 10 days for the amount of their invoice recorded in Transaction 233.

Tablet Course. Compare the amount of the draft in your tablet with the credit given the drawer of the draft in Transaction 233, and accept the draft, if correct, making the required entries in your books. Enclose the acceptance in envelope properly addressed, and mail same through "Outgoing Papers."

Notify the firm on whom you made draft in Transaction 236.

Balance and prove your Cash, and report your cash and bank balances.

Post all entries except the Merchandise totals in the Purchase and Sales Books.

SECTION NINE.

247. Sell J. W. Davis the items listed below, receiving cash for one-half the amount and his note at five days for the balance.

Office Course. Sell 10—1, 10—3, 10—5, delivering a receipted bill and a note in your favor for Davis's signature.

Tablet Course. Sell 10 sacks Corn Meal, 10 sacks XX Flour, 10 sacks Graham Flour, delivering receipted bill. Receive cash in the usual manner for one-half of the amount and Davis' note through your tablet for balance.

248. Take up your note given to the Bank in Transaction 115, giving them a new note at 12 days for one-half the amount, and your sight draft on the Central Produce Co. for the balance of the face of the note. Estimate interest in advance (bank discount) on the new note for 12 days at the rate of six per cent per annum, and one-half of one per cent discount on the sight draft, paying cash for the interest and discount.

NOTE: In above transaction you may take the face amount of the old note, assuming that the interest period has just expired.

249. Receive cash for weighing produce, $2.25. No receipt.

250. Give cash to pay your second month's rent of the coal yard, at the given rate, taking a receipt.

251. Deduct a cash discount of five per cent from the invoice of the Anchor Mills, recorded in Transaction 216, and send them your check for the proceeds.

252. Collect cash of J. B. Ellis in payment of his note received in Transaction 227, delivering the cancelled note.

253. Give J. C. Aldrich your check to pay for the amount credited in Transaction 123.

254. Sell E. A. Porter, 10—6, 10—8, 10—10, allowing a cash discount of five per cent and collecting cash for the bill.

255. Give check to pay your note issued in Transaction 181.

256. Pay the Union Coal Co. in full, giving your check for one-third of the amount due them, your sight draft on the Western Cereal Co. for one-third, and your note at 10 days for the balance.

257. Deposit in bank all cash and checks you have on hand.

258. Settle in full with A. R. Gordon, giving your check for one-half the amount due, and your note at 12 days for the balance, making the note bear interest at the rate of six per cent per annum.

Balance and prove your Cash account and report your bank balance.

Notify the firms on whom you have drawn drafts in Transactions 248 and 256.

Post your Ledger, including the Merchandise totals in Purchase and Sales Books, and take a trial balance.

As you are about to close your books, take inventories and render a statement. In taking inventory, estimate all merchandise on hand at cost, including freight and drayage. Estimate two-thirds of the insurance unexpired which you paid in Transaction 143. Estimate all of the second month's rent of coal yard as unexpired, four-fifths of the second month's rent of warehouse, and three-fourths of the second month's rent of office as unexpired. Inventory nine-tenths (ninety per cent) of the prepaid interest on your renewal note in Transaction 248, as unexpired. Estimate two per cent deterioration on your warehouse fixtures.

After your statement has been approved, close all ledger accounts showing loss or gain. Close "Loss and Gain" and your personal account into your investment account, balancing the latter and bringing down the present worth, which should agree with the present worth in your statement. Submit your books and your Office File.

A bank statement of your deposit account with your cancelled checks should now be ready.

Follow the special instructions given at the beginning of Section Seven, comparing the cancelled checks with your Cash Book entries and filing away the checks.

SET THREE.

Shipping and Commission Business.

In this set the student will form a partnership, and the new firm will be engaged in commission transactions besides continuing the business of the preceding set. The books of Set Two will be used, and in addition a Commission Sales Ledger, described and illustrated on pages 130 and 131.

The Sales Book will be modified by the use of an additional column, which the student will find in the ruling in the latter half of the Sales Book blank. The use of three columns in the Sales book will be explained and illustrated in the Commission Sales Book on page 129.

The method of keeping the Cash Book will be slightly changed, so that the cash and bank balances may be shown at any time without keeping the banking entries on the check stubs. The special columns in the Cash Book will be illustrated on Pages 126 and 127. If a bank account is kept, some payments being made by check and others by cash, separate columns can be used on the left page for cash and bank debits, and separate columns on the right page for cash and bank credits. Cash deposited in bank will credit cash and debit the bank. The difference between the cash debits and credits will indicate the cash on hand, if all transactions are recorded. The excess of the bank debits over the bank credits will indicate the balance of our cash in bank. If the bank credits should exceed the bank debits, which is not usually allowable in business, the excess would indicate the amount due the bank on overdraft.

The opening Journal entry should give the investment of each partner, the titles in the student's investment that are already on the books being checked. See page 135.

Agreement of Copartnership. Upon the formation of a business partnership, the parties enter into a contract called an "Agreement of Copartnership," in which the terms of the partnership agreement are set forth formally and in detail. The accompanying form represents an "Agreement of Copartnership" entered into by C. W. Benton and A. P. Monroe, under conditions similar to those of the partnership to be formed between the student and A. H. Norton, except that Norton's investment is equal to that of the student, and the latter is to receive a salary of one hundred dollars per month.

A Commission Merchant, Factor or Broker is one who buys or sells merchandise for others, in specified quantities, called *Shipments* or *Consignments*, receiving for his compensation a certain agreed percentage of the cost of the goods purchased or the gross proceeds of the goods sold.

In all large cities there are many commission firms that are thus engaged in buying and selling consignments of goods, mostly farm and dairy products, grain, live stock, etc., for persons who live at a distance. Commission houses, as a rule, also buy and sell goods on their own account and make shipments of their own goods to commission firms in other cities.

The terms *Shipment* and *Consignment* are thus distinguished:—

When you send goods to another to be sold on your own account, the goods are spoken of in your office as a *Shipment.*

Goods received by you from another, to be sold on his account, are referred to in your office as a *Consignment.*

Invoice of Shipment. This is an itemized statement of goods that are shipped to a commission firm to be sold on the account and risk of the owner. It should be sent by mail to the consignee at the time the goods are shipped.

AGREEMENT OF CO-PARTNERSHIP.

This Agreement Witnesseth, That *C. H. Benton,* of *Akron, O.* and *A. P. Monroe* of *Akron, O.* and of ____ have this day agreed to associate themselves together as a co-partnership, for the purpose of engaging in the business of buying and selling for profit *and on commission, dairy products and general produce,* at *Akron* in *Summit* County *Ohio,* under the firm name and style of *C. H. Benton & Co.* the term of said co-partnership to continue *one* year, from and after the *fifth* day of *January,* 1905, unless sooner dissolved.

The investment contributed by the aforesaid partners is to be as *herein set forth towit:*

C. H. Benton contributes *the net resources of the mercantile business heretofore conducted by him.*

A. P. Monroe contributes *Seven Thousand Dollars in Cash and good securities.*

____ contributes ____

The profits or losses of said partnership business are to be shared in the following proportions:

C. H. Benton, one-half:

A. P. Monroe, one-half:

With respect to the time and service given, and the compensation to be received, it is agreed that *C. H. Benton is to devote his entire time to the business, and is to receive in addition to his proportion of the profits, a salary of ($200) Two Hundred Dollars per month:*

It is also agreed that aside from the profits and compensation heretofore mentioned, neither partner is to withdraw from the business any money or other property, except with the written consent of his co-partner.

It is especially agreed that neither of the parties to this contract shall sign or indorse any bond, note, draft or commercial paper, nor sign any official or other bond, nor do any other act to create a financial liability or obligation, without the written consent of his co-partner.

At the expiration or sooner determination of said co-partnership, the business and property of said firm may be closed out by sale; and after all debts and liabilities are paid and discharged, the amount remaining shall be divided between the partners in the ratio of their respective interests; or, if the parties so agree, the co-partnership may be continued for such further time and upon such terms as the members thereof may be able to agree upon.

Witness our hands this *fifth* day of *January* 1905

C. H. Benton

Witnesses { *A. T. Simpson* / *G. H. Patterson* }

A. P. Monroe

Left Folio of the Cash Book.

Cash and Bank

190-					Dr Cash		Bank	
Sept.	6	✓	Journal	Student	1061	92		
		✓	Journal	A. H. Norton	683	78		
		✓		Deposited			1745	70
	7		Warehouse Fixtures, Weighing Produce		5			
			Bills Rec.	Note E. G. Andrews	28	75		
	8		E. J. Fowler	In full of a/c	121	15		
	9	✓		Deposited			130	
					1900	60	1875	70
Sept.	10	✓		Balances down	19	90	1353	20

(Continued from page 124.)

Neither the price nor the value of the shipment is ordinarily entered on the Invoice of Shipment, since the goods are not *sold* to the consignee, but merely delivered to him to be sold for the owner. Sometimes, however, the cost of the goods may be entered in order to serve as a guide to the commission merchant, who is expected to effect their sale, if possible, at a gain to the owner.

The form below illustrates one of the student's "Invoice of Shipment" blanks properly filled out.

A Model Invoice of Shipment.

INVOICE OF SHIPMENT

M Conrad Schopp & Co
Central City College City, Sept 8, 190-

BELOW PLEASE FIND INVOICE OF MERCHANDISE SENT YOU this day

PER Bus. College Railway CAR NO. 232

FREIGHT PREPAID $ 78 UNPAID $ TO BE SOLD ON ACCOUNT AND RISK OF Ourselves

CONSIGNORS Student & Co

	500	bu. Barley								
	500	" Corn								

Right Folio of the Cash Book.

Cash and Bank

					Cr. Cash	Cr. Bank
190- Sept.	6	✓		Deposited	174	570
			Const. No 1	Freight		37 50
			Const. No. 2	Freight		28 75
	7		Bills Pay	Note C A Chase		115 75
		✓	Purchases	E A Scott		162 50
	8		Mdse	Ft Shipt C S & Co.		78
			Expenses	Ad School News	5	
	9	✓	Journal	E A Long		100
		✓		Deposited	130	
			(Red Ink)	Balances	1990	1353 20
					1900 60	1875 70

Keeping Accounts of Shipments.

In some works on Accounting, the student is instructed to keep a separate ledger account with each shipment, but this method is now seldom used in business. In other works, he is instructed to keep a general account with "Shipments," but in this course we prefer to have the student consider shipments as his merchandise until they are disposed of. Following this plan, when goods are shipped for sale on commission, a memorandum of the shipment, without prices or extensions, is entered in the Sales Book, as follows:

Oct.	9	✓	*Shipment to A. B. Hamlin & Co.*	
			500 doz. Eggs,	
			875 lbs. D. Butter,	
			(Acct. Sales received Oct. 20.)	

When the proceeds of the shipment are received, the amount is entered in the Sales Book as follows:

Oct.	20	✓	*A. B. Hamlin & Co., Proceeds Shipment Oct 9,*	
			per Acct. Sales of Oct 18.	257 50
		✓	*Recd. Cash*	

Quite often, the amount of the proceeds is not remitted at the time the Account Sales is rendered, but is left to stand against the account of the consignee. In this case, write below the entry the words "On Account," and when the Sales Book is posted, carry the amount to the consignee's account in the Ledger, as in the case of an ordinary sale on account.

When you receive an Account Sales, refer to the original memorandum of the shipment in your Sales Book and enter under it or in the margin, "Acc't Sales Received," with the date. This will enable you to ascertain readily what shipments have been reported and what ones have not.

How to Make a Shipment on Commission.

1. Make out an Invoice of Shipment of the goods to be shipped and inclose it with a letter to the consignee, which may run somewhat as follows:

Dear Sir:

We enclose herewith Invoice of Shipment for goods sent to you today per Commercial Railway. Kindly give this shipment your prompt attention. The goods are first-class and ought to go off at the top of the market.

Hoping to receive a good account of them, at an early date, we are,

Yours very truly,

A. B. Nichols & Co.

NOTE. The student should exercise his originality in getting up bright, business-like letters to accompany his shipments.

2. Deliver the goods to the Freight Office, making out the necessary shipping bill and receipt.

3. Make the necessary memorandum in the Sales Book, as instructed under "Keeping Account of Shipments," page 127.

Account Sales.

This is an itemized account, rendered by the consignee, or Commission Merchant, to the shipper or owner of the goods, at the time when all or part of the goods in a given shipment have been sold. It shows all sales and charges and the net proceeds, or difference between the total sales and total charges. See the accompanying form.

Form of Account Sales.

From

CONRAD SCHOPP & CO.

ORANGES, LEMONS, BERRIES, TOMATOES, VEGETABLES.

COMMISSION MERCHANTS

AND DEALERS IN ALL KINDS OF

APPLES, ONIONS, POTATOES, CABBAGE, SAUER KRAUT, BEANS ETC.

FRUITS & PRODUCE

N.W. COR. THIRD AND WASH STREETS.

F

Central City, Sept 15, 190—

To Student & Co

College City

For Merchandise Received Sept 10 1904, via B.C. Railway

Consignment No 14 Folio 49 E.C. Shipman Clerk.

		SALES				
	500	bus Barley	62	310		
	500	" Corn	50	250		560
		CHARGES				
		Freight $ — Drayage $ 10 40 Storage $ 7 80				
		Inspection $ — Insurance $ 70 Commission $ 14				
		Other Charges $ Total Charges			32	90
		Net Proceeds a/c			527	10

Commission Sales Book.

This book differs from the ordinary Sales Book in having three columns, the first being used for extending the items of a sale and for extending list discounts if they are deducted from the bill. The second column is used for extending the total of the bill. The third column is used for extending the amounts of merchandise sales, as distinct from consignment sales.

In the model form here given the first entry represents an ordinary sale. Each of the other sales includes some commission goods.

Form of Commission Sales Book.

January 2, 190–

190–		Fol.		Amt. For'd	Items	Total	Mdse.
							319 20
Jan.	2	62	R. W. Day				
			60 bu. Potatoes	.40		24	24
			Acc't 10 days				
	4	√	N. S. Barker				
C—1		10	40 cs. Eggs	4.50		180	
		√	Rec'd Cash				
		√	L. W. Lane				
C—1		10	20 tubs Butter, 990 lbs.	.20	198		
			10 cs. Eggs	4.50	45	243	45
		√	Rec'd Cash				
	5	√	L. Robinson				
C—1		10	60 cs. Eggs	4.60	276		
C—1		10	30 tubs Butter, 1,490 lbs	.21	312 90	588 90	
		19	B. Rec. Note 30 days				
		√	C. S. Peters				
			60 lbs. Dr. Poultry	.12	7 20		
			2 tubs Butter, 96 lbs.	.20	19 20		
					26 40		
			Less 10 per cent		2 64		
					23 76		23 76
C—2		11	80 brl. Apples	1.60	128	151 76	
		√	Rec'd Cash $100				
		19	B. Rec., Note 30 days, $51.76				
			Mdse. Cr.				411 96

Consignments and Consignment Accounts.

In the commission business it is necessary to keep separate accounts with each consignment received. All claims that we have against a consignment for money advanced, expenses paid or assumed by us, or charges made by us, are entered on the left page as debits. All proceeds arising from the sale of a consignment are entered on the right page as credits, no distinction being made between cash sales and time sales, as these do not affect the consignor, the commission merchant assuming all risks in case of time sales.

When the commission merchant deals in merchandise of his own, in addition to that received on consignment, as is usually the case, he must keep the different classes of merchandise entirely distinct, and must keep separate records of the sales of each class, and of the expense items relating to each.

Various methods of accomplishing this are employed by bookkeepers, but the plan presented here has the merit of simplicity and practicality, and is well adapted to the conditions of an average business.

The student is recommended to study carefully the description of the Commission Sales Book, page 129, and Commission Sales Ledger below, and to keep his own books strictly in accord with the forms given.

Commission Sales

Consignment No. 1 **C. P. THURMAN**

190–		Fol.			
Jan.	2		Received per C. R. I & Pac. R. R.		
			100 cs. Eggs		
			50 tubs Butter		
			CHARGES		
	2	√	Cash, Freight	26 75	
		√	Cash, Drayage	1 25	
	7	62	Storage	4 60	
		71	Commission at 5 per cent	48 35	80 95
		√	Cash, Remitted ck. for proceeds		885 95
					966 90

Consignment No. 2. **T. L. MANFORD & Co.**

190–					
Jan.	12		Received per C. & N. W. R. R.		
			1 car Apples, 175 brls.		
			CHARGES.		
	13	√	Cash, Freight	43 50	
	14	√	Cash, Drayage	3 75	
	20	62	Storage	2 50	
		71	Commission	13 85	63 60
		94	T. L. M. & Co., proceeds on acct.		213 40
					277

The Commission Sales Ledger.

This is a book for keeping an itemized account of the different consignments received. These are designated by number, and in the order in which the goods are received as "Con. 1," "Con. 2," "Con. 3," etc.

When the goods arrive, they are compared with the invoice of shipment, and a memorandum entry is made on the debit side of the account. If freight charges are paid, an entry is made in the Cash Book debiting the consignment. When sales are made, they are entered in the Commission Sales Book, as explained on page 129. Debits from the Cash Book and credits from the Commission Sales Book are posted to the Commission Sales Ledger like other posting, except that all entries are itemized.

When all the goods belonging to a consignment have been sold, the commission and other charges, if any, are entered and the net proceeds, or the difference between the total charges and total sales, is entered on the debit side, as shown in the form, and the consignment is closed.

In "Con. No. 1," as here presented, the proceeds are remitted in cash. In "Con. No. 2," the proceeds are credited to the account of the consignor. When this is done, an account with the consignor should be opened in the Ledger, and the net proceeds posted to the credit of this account. When a trial balance is taken, the unbalanced consignments should be included, the same as regular Ledger Accounts.

Ledger.

ROCK ISLAND, ILL.

190—		S. B.				
Jan.	4	27	40 cs. Eggs	4.50		180
			20 tubs Butter, 990 lbs.	.20		198
	5	29	60 cs. Eggs	4 60		276
	6	31	30 tubs Butter, 1490 lbs.	.21		312 90
						966 90

FRUITVILLE, WIS.

190—						
Jan.	15	42	80 brls. Apples	1.60		128
	17	44	50 " "	1.50		75
			20 " "	1.70		34
	19	49	25 " "	1.60		40
						277

Telegraphing.

Telegrams of ten words or less are charged for at certain rates which vary with the number of times the messages must be "repeated," or retelegraphed, during the course of transmission.

For messages of more than ten words there is an additional charge for each extra word. It therefore becomes important for those who do business by telegraph to learn to write their messages in the fewest words possible. In telegraphing it is customary to omit all words not absolutely necessary to the understanding of the message. Notice how this is accomplished in the following examples:

MESSAGE.	CONDENSED.
The "Acme" brand of starch is out of stock. Shall we ship our "Nonpareil," which is about the same grade? Please telegraph us. (24 words.)	Out of "Acme" starch. Can ship "Non pareil" same grade. Wire. (10 words.)
I have succeeded in effecting a satisfactory settlement with the Consolidated Coal & Iron Co. and shall start for Chicago tonight. Will see you at Palmer House Saturday. (28 words.)	Satisfactory settlement with Consolidated. Leave tonight. At Palmer House Saturday. (10 words.)
Please ship by express as soon as possible, forty copies Brown's Arithmetic. Will remit cash on receipt of goods. (19 words.)	Express C. O. D. forty Brown's Arithmetic. Rush. (6 words.)

Examples Showing Condensation of Phrases, Clauses, Etc.

1. If the sale is to be made today, telegraph me at once.	1. If sale today, wire.
2. Please ship at once by Express.	2. Express.
3. The attorneys for the parties who began suit.	3. Plaintiff's attorneys.
4. It is generally believed that the fire is the work of an incendiary.	4. Incendiarism suspected.
5. The Warriner Manufacturing Co. will not sell for less than forty thousand dollars.	5. Warriner people want forty thousand.
6. Telegraph me at once.	6. Wire.

Rules Relating to Telegraph Messages.

1. Figures are never telegraphed, but if written in a message are estimated according to the number of words required to write them out. Thus, "$1974" would be telegraphed "nineteen seventy-four dollars"—four words.

Hyphenated words, as *half-morocco*, *twenty-five*, *eight-pound*, *letter-heads*, etc., are counted as two words. In names, each given name or initial counts as a separate word. Thus the name J. M. Jones, would be charged for as three words, should it occur in the body of a message. The initials C. O. D. (Collect on Delivery), F. O. B. (Free on Board), A. M., and a few other abbreviations go as one word.

3. Telegrams may be prepaid, or sent "collect," that is to be paid for by the person to whom the message is sent. As a rule telegrams should be sent prepaid, but they may be sent "collect" when they relate to business in which the person to whom they are sent is interested.

Accounts With Stocks.

The term "Stocks," or "Stocks and Bonds," includes shares in joint stock companies or corporations, and bonds issued by Government, State, County, Township, City, and by transportation and manufacturing companies.

"Stocks," being a variety of property account, is debited and credited the same as other property titles. The accountant will keep a separate Ledger account with each variety of stocks that comes into the business, naming them after the corporation to which they belong. The certificates of stock invested by A. H. Norton in Transaction 259 will be called "Central Commercial Railway Stock." Stocks should be debited for their cost and for any assessments we may have to pay while a stockholder; and credited for values received from them either in sales or dividends.

A certificate of stock may include any number of shares and the par value of a share may be any amount, subject to statutory legislation, that may be agreed upon by the parties forming the corporation. The usual par value of a share is one hundred dollars. The amount paid for the shares of stock represented in a certificate, may be less or more than the par or face value. The amount paid or received for stock will be the amount recorded in case of a purchase or sale, regardless of the par value.

No. 1
5 Shares
Central Commercial Railway Company
INCORPORATED UNDER THE LAWS
Central City
OF THE STATE OF IOWA
This Certifies that A. Learner is the owner of
Five Shares of the Capital Stock of the
Central Commercial Railway Company
transferable only on the Books of the Corporation in person
or by Attorney upon surrender of this Certificate
In Witness Whereof, the duly authorized officers of this Corporation have
hereunto subscribed their names and caused the corporate Seal to be hereto affixed
this 15th day of September A.D. 190-
SEAL
H. A. Hudson Sec
J. A. T. Hall Pres
SHARES $100— EACH

Collateral Accounts.

It frequently happens that a merchant borrows money at bank on his note, depositing with the bank such notes receivable, certificates of stock or other commercial papers as may be adequate security for the loan.

Such a transaction is usually called a Collateral Loan, and a special form of note is signed by the borrower, called a Collateral Note. Our Collateral Note given to the bank would be credited to Bills Payable.

It is customary to keep a Collateral Account in such case, debiting "Collaterals" with the face value of notes receivable and the estimated value of stocks, given as security, and crediting Bills Receivable and Stocks for the same amount. If the notes deposited as collateral fall due while held by the bank and the bank collects them, they will keep the money separate from our regular deposit. When such collections are reported to us, we can debit "Collateral Cash" and credit "Collaterals."

When we are ready to take up our collateral note given to the bank or pay it in part with the collateral cash held by the bank, a special check can be written in favor of the bank for the amount of collateral cash on hand, which can be applied in payment of the collateral note. In this case we would debit Bills Payable and credit Collateral Cash.

The form below represents a standard form of Collateral Note.

A Collateral Note.

CEDAR RAPIDS, IOWA. Sept 6, 190—

NO. .....

DUE .....

Ninety days after date

we promise to pay to THE CEDAR RAPIDS NATIONAL BANK, of CEDAR RAPIDS, IOWA, or order, $ 1000 —

One Thousand DOLLARS

at its BANKING HOUSE in CEDAR RAPIDS, IOWA, with interest payable annually, at the rate of eight per cent. per annum, after maturity until paid, and interest as aforesaid on such interest after the same becomes due, together with a legal Attorney fee.

Student & Co

We have deposited with and pledged to said THE CEDAR RAPIDS NATIONAL BANK, as collateral security for the payment of above and foregoing note and all other liabilities of the undersigned to said THE CEDAR RAPIDS NATIONAL BANK, its assigns, heretofore or hereafter contracted, the following property viz.:

Note at 5 days dated Sept 13, 190- signed Central Coal Co. $399 26

" " 10 " " " " " " " " " 399 25

" " 15 " " " " " " " " " 399 25

The market value of which is now $ 1197.76 ..... In case said THE CEDAR RAPIDS NATIONAL BANK, or any of its officers, agents or assigns shall at any time be of the opinion that said property is or may be of less value than above stated, or that the whole or any part of said property has declined or may decline in value, or in case any liability or liabilities of the undersigned to said THE CEDAR RAPIDS NATIONAL BANK, or its assigns, shall be at any time increased, then in all, any, or either of such cases said THE CEDAR RAPIDS NATIONAL BANK, or its assigns, may in its or their discretion, call for additional security, satisfactory to the holder of said note, and failure to furnish the same before 12 o'clock noon of the day next after the day of such call shall make said note and any and all other liabilities of the undersigned to said THE CEDAR RAPIDS NATIONAL BANK, or its assigns, without notice or demand, at once due and payable. Said call for additional security may be made by giving any of the undersigned oral or written notice thereof, or by leaving written notice thereof at any office, place of business, or usual abode of any of the undersigned. The undersigned hereby gives said THE CEDAR RAPIDS NATIONAL BANK, or any of its officers, agents or assigns, full and irrevocable power to sell said property, or any part thereof, without advertising, or demanding payment, or giving notice, at public or private sale or sales, or at any Brokers' Board, in case said THE CEDAR RAPIDS NATIONAL BANK, or any of its officers, agents or assigns, shall at any time be of the opinion that said property or any part thereof, has declined or may decline in value or is or may be of less value than above stated, or in case such additional security, if called for, shall not be furnished as above provided, or in case said note, or any other liability or liabilities of the undersigned to said THE CEDAR RAPIDS NATIONAL BANK, or its assigns, shall not be paid at maturity. If said sale or sales shall be public or at any Brokers' Board, said THE CEDAR RAPIDS NATIONAL BANK, or its assigns, may purchase said property or any part thereof, at such sale or sales. The net proceeds of such sale or sales, after the payment of all costs, expenses and attorneys' fees growing out of or connected with said property and the sale and delivery thereof, may be applied upon all, or any of the liabilities (whether due or not) of the undersigned to the holder of said note, and the surplus, if any, shall be paid to the undersigned. If the net proceeds of such sale or sales shall not pay in full all the liabilities of the undersigned to said THE CEDAR RAPIDS NATIONAL BANK, or its assigns, then all such liabilities remaining unpaid shall become at once due and payable, and bear interest at the rate of eight per cent. per annum from the time of such sale. In case of any exchange of, or substitution for, or addition to said property, or any part thereof, the provisions of this agreement shall extend to such new, exchanged, substituted or additional property. And the undersigned hereby authorizes said THE CEDAR RAPIDS NATIONAL BANK, at any time at the discretion of any officer or agent thereof, to apply any money or moneys which said bank may have or hold on deposit or otherwise for the undersigned, towards the payment of said note and other liabilities, whether due or not; and the undersigned hereby expressly authorizes and empowers said THE CEDAR RAPIDS NATIONAL BANK at its option to subscribe for, take and hold as additional collateral to any and all of the indebtedness above named all stock-increases and stock and other special dividends which may be had or made upon its collaterals herein above named; and the undersigned hereby authorizes said THE CEDAR RAPIDS NATIONAL BANK to pay any insurance premiums necessary for the protection of any property or policies held as collateral hereto. It is expressly agreed that no claim or demand of any kind shall be made by the undersigned against said THE CEDAR RAPIDS NATIONAL BANK, or any of its officers, agents or assigns, on account of not collecting or delay in collecting said collaterals, all obligations or liabilities on said Bank thereon, being hereby waived and released.

Student & Co

Opening Journal Entry for Partnership.

In accordance with Articles of Copartnership this day mutually agreed upon, and signed and delivered, we, (student) and A. H. Norton, have this day engaged in the Shipping and Commission Business at No. St, our respective investments being as herein set forth:

The Student, Partner, invests Resources and Liabilities as per closing statement of the Fuel, Flour and Produce Business heretofore conducted by him, to-wit:

Resources.

√	*Cash on hand and in bank*	.....	....
√	*Bills Receivable, notes on hand*	.....	....
√	*Expense, per Inventory*	.....	....
√	*Int. and Dis., per Inventory*	.....	....
√	*Mdse., per Inventory*	.....	....
√	*Warehouse Fixtures, per Inventory*	.....	....
√	*Accounts Receivable, as per Schedule*	.....	....

Liabilities.

√	*Bills Payable, notes outstanding*		....
√	*Accounts Payable, as per Schedule*		....
√	*The Student, partner, Net Investment*		... .
	C. C. Railway Stock	.....	....
	Cash	.....	....
	A. H. Norton, Partner, Net Investment		....

Real Estate Transfers.

The ownership of Real Estate is usually transferred by means of a written agreement called a Deed, and in the ordinary form called a Warranty Deed. The party signing the deed is called the *Grantor* and the party receiving the deed is called the *Grantee.*

A Warranty Deed names the consideration or money value, the party granting and the party receiving the land, with a description of the exact location of the premises, and the grantor agrees to Warrant and Defend the grantee in the possession of the property described.

The party receiving the deed should file it for record at the Recorder's office for the county in which it is located, and this record protects him in the ownership of the land, unless other claims have been recorded against the land before his deed is placed on record.

The form of deed on page 136 represents the standard form of Warranty Deed, and the usual method of describing city property, unless the property belongs to an irregular platting or survey.

Warranty Deed.

IN CONSIDERATION OF

Eight Thousand—— **DOLLARS,**
100

I, Charles H. Hunter

of *Linn* County, State of *Iowa* hereby SELL AND CONVEY unto *David Collins* of the County of *Linn* and State of *Iowa* the following described premises in the County of *Linn* State of *Iowa* to wit: *Lot Three (3), Block Twenty-nine (29), further known as Nos. 194, 196 and 198 Fourth Avenue, College City, Iowa.*

And *I* do hereby covenant for *my* heirs and personal representatives with the said *David Collins, his* heirs and assigns that *I am* lawfully seized of the said premises, that the same are free from incumbrance ~~~~ that *I* will make such other and further assurance of said premises as shall be lawfully and reasonably advised, devised or required, and that *I* will forever WARRANT AND DEFEND the same against lawful claims and demands of all persons. And I, *Katherine E. Hunter* wife of the said *Charles H. Hunter* for the foregoing consideration, do hereby relinquish all my right of dower and homestead in the above described premises.

Signed this *Fifth* day of *September* A. D., 190—

Charles H. Hunter

Katherine E. Hunter

State of *Iowa* } ss.
Linn County. }

On this *Fifth* day of *September* A. D., 190— before me *a Notary Public* ~~~~ in and for said County, personally came *Charles H. Hunter and Katherine E. Hunter, his wife,* to me personally known to be the identical person *s* whose name *s* *are* affixed to the above Deed as Grantor *s*, and acknowledged the same to be *their* voluntary act and deed.

SEAL

WITNESS my hand and ~~~~ *seal* ~~~~ the day and year last above written.

Henry C. Stanton,

Notary Public.

Real Estate Mortgage.

IN CONSIDERATION OF

Six Thousand 100 DOLLARS,

I, (David Collins), not married,

of *Linn* County, State of *Iowa* hereby SELL AND CONVEY unto *Charles H. Hunter* of the County of *Linn* State of *Iowa* the following described premises in the County of *Linn* State of *Iowa* to-wit:

Lot Three (3), Block Twenty-nine (29), otherwise known as Nos. 194, 196 and 198 Fourth Avenue, College City, Iowa.

And *I* do hereby covenant for *my* heirs and personal representatives with the said *Charles H. Hunter, his* heirs and assigns that *I am* lawfully seized of the said premises, that the same are free from incumbrance

and that *I* will forever WARRANT AND DEFEND the same against lawful claims of all persons. And I, wife of the said for the foregoing consideration, do hereby relinquish all my right of dower in the above described premises.

To be void upon condition *that the following promissory notes with accruing interest are fully paid:—*

Note for $1500 dated Sept. 5, 190—, due in 30 days, with interest at 6 per cent

" " *1500* " " *5, 190—,* " " *60* " " " " *6* " "

" " *1500* " " *5, 190—,* " " *90* " " " " *6* " "

" " *1500* " " *5, 190—,* " " *120* " " " " *6* " "

☞And it is further agreed that if suit for the foreclosure hereof is commenced, $*150* attorney fee shall by the said *David Collins* be paid to the holder hereof, and in the event of foreclosure hereof, $*100* attorney fee shall by the Court be included in the decree of foreclosure and included in the judgment that may be entered in said suit, and this mortgage shall stand as security for the same, equally as security for said notes.

Signed this *Fifth* day of *September* A. D., 190—

David Collins

David Collins's signature should be acknowledged before a Notary Public, the same as the signatures on the deed, this acknowledgement appearing on the back of the mortgage.

A Real Estate Mortgage is a transfer of ownership of the property described, given as security for the payment of certain written obligations, usually promissory notes. If the notes are fully paid, the transfer is void. If the notes are not fully paid, the party to whom the mortgage has been given has the right to demand the possession of the property.

In order that a mortgage may precede other claims against the property, it should be filed for record, the same as a deed.

Release of Mortgage. If a recorded mortgage secures the payment of notes and the notes are afterward fully paid, a paper stating that fact, called a Release of Mortgage, should be signed and acknowledged by the grantee of the mortgage. The Release of Mortgage should be recorded the same as a Deed or a Mortgage. By examining the books in the Recorder's Office, we can ascertain the exact ownership of a piece of land or a town lot, and we can also determine whether there are any claims against the property.

The form of Mortgage on page 137 represents the standard form of mortgage given by the grantee of a piece of real estate to secure payment of part of the original consideration named in the deed. The form below represents the standard form of a Release of Mortgage:

Release of Mortgage.

I, *Charles H. Hunter* of the County of *Linn* State of *Iowa* do hereby acknowledge that *full* payment has been made of a certain ~~~~ Mortgage bearing date *September 5,* 190—, made and executed by *David Collins* to *Charles H. Hunter* and recorded in the records of *Linn* County *Iowa* in *Book L* page *214* on the *Sixth* day of *September* 190—, and hereby discharge the same from record

Signed this *Fifteenth* day of *November* 190—

Charles H. Hunter

STATE OF *Iowa* }
County of *Linn* } ss.

On this *Fifteenth* day of *November*, 190—, before me a *Notary Public* in and for said county, personally appeared the above named *Charles H. Hunter* to me personally known to be the identical person who executed the above release, and acknowledged the execution of the same to be *his* voluntary act and deed.

Witness my hand and ~~~~ *seal* ~~~~ the day and year last above written.

SEAL

Henry C. Stanton

Notary Public

Bill of Sale.

A Bill of Sale is a paper describing movable or personal property, and transferring the ownership of the same from seller to buyer. The bill of sale usually gives the consideration or price received for the property, the name of the purchaser, the description and location of the property, the date of the sale, and the name of the person who sells or transfers the property. Only one copy of the bill of sale is necessary, which is given to the buyer as proof to other parties that he is the owner of the property described.

Form of Bill of Sale.

In Consideration of *Twelve Hundred* DOLLARS *Student & Co.* of the County of *Linn* State of *Iowa* do hereby sell and convey unto *Simmons & Co.* of the County of *Linn* State of *Iowa* the following described personal property, now in the possession of *Student & Co.* in *College City* in *Linn* County *Iowa* to-wit:

One bay horse with white left fore foot, six years old, weight about 1100 lbs in fair condition, named "Joe"; one set single harness with horse; one Kratzer delivery wagon numbered 4627, bought of D. D. Proper, and our entire stock of merchandise, consisting of groceries, provisions, canned goods, etc., together with scales, measures, trucks and other store appliances, now situated in the warehouse, No. 29 Elm Street.

And we do hereby covenant and agree to warrant and defend the said described personal property against the lawful claims of all persons.

Signed this *Twentieth* day of *November* A. D., 190—

Student & Co.

per Student.

STATE OF *Iowa* } ss.
Linn County. }

On this *Twentieth* day of *November* A. D., 190— before me *a Notary Public* in and for said County, personally came *The Student, one of the firm of Student & Co.,* to me personally known to be the identical person whose name is affixed to the above Bill of Sale as grantor, and acknowledged the same to be *the* voluntary act and deed *of said firm by him duly authorized to execute the same.*

SEAL

WITNESS my hand and *seal* the day and year last above written.

C. N. Hedges

Notary Public.

Merchandise List for Student No. 1.

MODERN INDUCTIVE BOOKKEEPING

Buying **Business Practice, Set Three** **Selling**

No.	Quantity on Buying Card	Buying Price	NAME OF ARTICLE	How Estimated	To Whom Consigned	Quantity on Shipping Card	Gross Weight	Freight Rate	Selling Price	No.
11	50 bu.	35	Barley	pr. bu.	Conrad Schopp&Co.	500 bu.	24000	15	58	11
12	40 bu.	1 30	Beans	pr. bu.	Union Com. Co.	400 bu.	24000	15	1 75	12
13	50 bu.	22	Corn	pr. bu.	Conrad Schopp&Co.	500 bu.	28000	15	45	13
14	50 lbs.	15	Butter	pr. lb.	Union Com. Co.	500 lbs.	550	40	23	14
15	75 bu.	25	Oats	pr. bu.	Conrad Schopp&Co.	750 bu.	24000	15	44	15
16	50 lbs.	10	Cheese	pr. lb.	Union Com. Co.	500 lbs.	550	40	15	16
17	50 bu.	40	Rye	pr. bu.	Conrad Schopp&Co.	500 bu.	28000	15	62	17
18	25 doz.	13	Eggs	pr. dz.	Union Com. Co.	250 doz.	450	50	22	18
19	45 bu.	57	Wheat	pr. bu.	Conrad Schopp&Co.	450 bu.	27000	15	81	19
20	50 bu.	35	Potatoes	pr. bu.	Union Com. Co.	500 bu.	30000	12	54	20

No.	Quantity on Ship'ing Card	Buying Price	Gross Weight	Freight Rate	Name of Article	How Estimated	Of Whom Bought	Quantity on Selling Card	Selling Price	No.
				Per cwt.						
21	10 Sacks (1100 lbs.)	18	1120	35	Almonds	lb.	Buck-Reiner Co.	1 Sack (110 lbs.)	25	21
22	10 Bxs. (500 lbs.)	12	600	45	Drd. Apricots	lb.	Earl Fruit Co.	1 Box (50 lbs.)	15	22
23	10 Sacks (1200 lbs.)	10	1220	35	Brazil Nuts	lb.	Buck-R. Co.	1 Sack (120 lbs.)	15	23
24	10 Bxs. (500 lbs.)	07	600	45	Dates	lb.	Earl Fruit Co.	1 Box (50 lbs.)	10	24
25	10 Sacks (1000 lbs.)	13	1020	35	Eng. Walnuts	lb.	Buck-R. Co.	1 Sack (100 lbs.)	18	25
26	10 Bxs. (500 lbs.)	14	600	45	Figs	lb.	Earl Fruit Co.	1 Box (50 lbs.)	20	26
27	10 Sacks (2000 lbs.)	11	2020	35	Filberts	lb.	Buck-R. Co.	1 Sack (200 lbs.)	15	27
28	10 Bxs. (500 lbs.)	14	600	45	Drd. Peaches	lb.	Earl Fruit Co.	1 Box (50 lbs.)	18	28
29	10 Sacks (1750 lbs.)	11	1770	35	Pecan Nuts	lb.	Buck-R. Co.	1 Sack (175 lbs.)	15	29
30	10 Bxs. (250 lbs.)	12	320	45	Cal. Prunes	lb.	Earl Fruit Co.	1 Box (25 lbs.)	16	30

Commission Office Charges. Freight as they are required to pay it. Drayage, 2 cts. per cwt. (Gross Weight); Storage, 1½ cts. per cwt. (Gross Weight); Insurance, ⅛ of one per cent of the amount of the sale; and Commission, 2½ per cent of the amount of the sale.

TRANSACTIONS.

SECTION TEN.

259. Form a partnership with A. H. Norton under the firm name of (Student) & Co.; making equal investments and sharing equally in gains and losses.

You are to invest your resources and liabilities carried from Set Two, as shown in your last statement, and you are to manage the business, devoting your full time to it and receiving a salary of one hundred dollars per month.

Mr. Norton invests three certificates of stock, each for five shares of one hundred dollars each in the Central Commercial Railway, the shares being estimated at 80, and cash for the balance. Mr. Norton delivers the certificates of stock through the tablet. The teacher will furnish the cash for Mr. Norton.

Draw up two partnership contracts in duplicate, passing them to the teacher, who will sign them for Mr. Norton. Leave a copy with the teacher for Mr. Norton, and file your copy in "Letters and Documents."

Read "Agreement of Copartnership" on page 124 and see model "Agreement of Copartnership" on page 126, and "Opening Journal Entry" on page 135. Read "Accounts with Stocks" on page 133, and open an account with "C. C. Railway Stock."

260. Transfer your bank balance to the firm by writing your individual check for the balance you had in bank at the close of Set Two, making the check payable to the firm. Indorse this check and open an account at bank, depositing the check and the cash invested by Norton all to the credit of the new firm. See Model Cash Book on pages 126 and 127.

Fill out a new signature card, using "(your name) & Co.," which you will sign on all firm checks and other firm papers.

Office Course. Instruct your banker to render a statement of your individual account and return your vouchers as soon as your last check is charged. The statement should show your individual account in balance.

Tablet Course. Have a new account opened in your pass book with "(Student) & Co.," on the open folio following your individual account. Your individual account may now be closed by entering the check drawn in the present transaction, which you will consider paid.

261. Order of the wholesale firms given in your directory (See back of your Merchandise List for Set Two), the items listed below, asking them to bill to you on account and to name their best discount for cash in 5 days.

Use an order sheet instead of a letter head. Fold and address the sheet for mailing without using envelope or postage stamp.

Office Course. Order two shipping cards each of merchandise Nos. 21, 22 and 25 and three shipping cards each of Nos. 23, 24 and 26.

Tablet Course. Order one shipping card each of Figs, Filberts, Dried Peaches, and Pecan Nuts; two shipping cards each of Almonds, Dried Apricots, and English Walnuts, and three shipping cards each of Dates, Brazil Nuts and California Prunes.

262. Receive Consignment No. 1 through your tablet, giving your check for the freight charges.

Read "Consignments and Consignment Accounts," page 130, and the "Commission Sales Ledger," pages 130 and 131.

Open an account with Consignment No. 1 in your Commission Sales Ledger and debit same for the above freight charges.

263. Receive Consignment No. 2 through your tablet, giving your check for the freight charges.

Open an account with Consignment No. 2 in your Commission Sales Ledger, and debit same for the freight charges.

The merchandise cards for consignments 1 and 2 are, for convenience in selling, printed together on one sheet. Following the custom of commission merchants, the student should mark each package, or card, of consignment goods, with an initial letter representing the consignor, and figure 1 to represent his first consignment. Mark all cards received from Chalmers Fruit Co. "C-1," and all received from H. T. Davis, "D-1." Fold the sheet of merchandise without separating the varieties, and place in your Merchandise Envelope. If two or more consignors have the same initial, the first two letters of the name or some other distinctive abbreviation can be used for each consignor.

264. Buy of C. A. Chase, on account, 4—11, 3—12, 2—13.

265. Receive cash for weighing grain and produce, $5. Proceed as you did in Set Two.

266. Buy of A. R. Gordon, on account, 6—11, 5—13, 4—14.

267. Give check to pay your note favor C. A. Chase, given in Transaction 190.

268. Sell J. W. Davis. on account.

Office Course. Sell 5—1, 3—2, 3—4, 2—5.

Tablet Course. Sell all Graham Flour on hand.

269. Receive cash from E. G. Andrews in payment of his note received in Transaction 204.

270. Buy of E. A. Scott, 5—12, 3—13, giving your check for one-half the amount and your note at 10 days for the balance.

271. Collect cash of E. J. Fowler in full of account, giving receipt.

272. Make a shipment of 10—11 and 10—13 to Conrad Schopp & Co., Central City, to sell on your account and risk, shipping the produce as previously directed, and giving your check to prepay the freight charges. Send above commission firm a letter enclosing your Invoice of Shipment and instructing them to give you credit for the proceeds, subject to your sight draft.

Use your small letter heads for correspondence in Set Three. Fold and address the letter sheet for mailing, without using envelope and postage stamp. See "Invoice of Shipment," page 126, and "Keeping Accounts with Shipments," p. 127, and "How to Make Shipment on Commission," p. 128.

273. Write a special advertisement for insertion in the School News, announcing the arrival of your two consignments of choice fruits, which must be sold at once. Give cash, one-half the amount of your monthly office rent, for the ad. Take a receipt.

Debit Expense. Study to make the ad. attractive. Good advertising is an important factor in modern business.

274. Give E. A. Long, at the Commercial Exchange, your check for $100 and your note at 5 days with interest at the rate of six per cent per annum for $225, to pay for team and dray to be used in draying your merchandise and produce. Take Bill of Sale.

Open an account with "Chattels."

275. Deposit cash and checks as usual, following the instructions given in paragraph 135. Balance and prove your Cash, and report your cash and bank balances.

SECTION ELEVEN.

276. Sell to A. C. Bartlett all Chop Feed and Corn Meal you have on hand at a discount of 7½ per cent, delivering a receipted bill with the merchandise and collecting cash for the same.

277. Buy of H. E. Baker, on account, 2—12, 5—14, 3—15.

278. Sell Simmons & Co., on account, all Acme Flour you have on hand, and 5 brls. Apples @ $2.75, 20 baskets Grapes @ 25c, 5 boxes Florida Oranges @ $3, 15 bunches Bananas @ $1.25.

The student was instructed to mark all consignment merchandise when it was received. The stencil marks, or initials, on consignment merchandise should be written on the left margin of the entries in the Sales Book.

See "Commission Sales Book," page 129.

279. Buy of C. E. Parks 1—14, 2—15, 3—16, giving him your note at 10 days for same.

280. Ship all you have of produce Nos. 12 and 14 to the Union Commission Co., Central City, to sell on your account and risk, shipping the produce by freight, transportation unpaid.

Send them a letter enclosing invoice of shipment and instructing them to give you credit for the proceeds subject to your sight draft.

282. Pay cash in advance for the third month's rent of your coal yard, which completes your rent contract for this property. Take receipt.

283. Make the following sale to E. P. Bartlett at a discount of five per cent:

Office Course. Sell all XX Flour and Graham Flour on hand, receiving his note at 10 days for the bill. Deliver a receipted bill and a note in your favor for Bartlett's signature.

Tablet Course. Sell all XX Flour on hand, receiving his note through your tablet for $15, and cash through Incoming Currency for the balance.

284. Sell all Coal and Coke you have on hand to the Central Coal Co., allowing a discount of 12½ per cent on the bill, estimated at your selling prices.

Office Course. Receive in payment three notes in equal amounts, payable in 5, 10 and 15 days respectively, each note bearing interest at six per cent per annum.

In dividing the amount of the bill into three parts, if one cent remains, add it to the first note, and if two cents remain, add one cent each to the first and second notes.

Tablet Course. Receive through your tablet three notes to apply on the sale, and through Incoming Currency cash for the balance.

285. Draw on Central Produce Co. at sight for the balance of their account, and discount the draft at bank at one-half of one per cent, depositing the proceeds.

Write to the Central Produce Co., notifying them of the draft.

286. Estimate one and three-fifths month's rent on the coal yard as unexpired, and collect cash or check of the Central Coal Co. for the same at the rate you paid per month.

Deliver the receipt and collect cash at the Commercial Exchange.

287. Sell Leonard & Loomis, on account, 10 brls. Apples @ $2.75, 25 baskets Grapes @ 25c, 10 boxes Fla. Oranges @ $3, 20 bunches Bananas @ $1.25.

288. Order of the wholesale firms given in your directory, the following merchandise on account.

Office Course. Order three shipping cards each of Nos. 27 and 28, and two shipping cards each of Nos. 29 and 30.

Tablet Course. Order 10 sacks each of Filberts and Pecan Nuts, and 10 boxes each of Figs and Dried Peaches.

289. Buy of C. E. Palmer 4—17, 6—18, giving your check for one-half and your note at five days with interest at 6 per cent for the balance.

290. Buy of E. E. Long for cash 75 bu. Oats.

291. Sell Parker & Preston, on account, 15 brls. Apples @ $2.75, 35 baskets Grapes @ 25 cts., 15 boxes Fla. Oranges @ $3, 25 bunches Bananas @ $1.25.

292. Receive through your tablet a check for $52.50, from the Treasurer of the Central Commercial Railway Co., for a semi-annual dividend on your stock in that company.

See "Accounts with Stocks," page 133.

293. Collect cash for screening and weighing grain, $6.

294. Buy of J. C. Aldrich, on account, 4—19, 5—20.

295. Take 75 bu. Oats from your stock in warehouse to use for feeding your dray team. Estimate the Oats at cost.

As this grain will not be for sale, you can destroy the merchandise cards representing it. Enter in Sales Book. Debit Expense for cost of keeping team.

296. Receive check from J. W. Davis in payment of the note you received in Transaction 247.

297. Take out an additional insurance policy for three months on the merchandise in your warehouse, taking the new policy in the Commercial Insurance Co. for double the amount of your policy received in Transaction 143, twenty times your monthly rent of warehouse, paying cash for the premium estimated at four-fifths of one per cent of the amount insured.

298. Sell Stacey & Stevens for cash, 20 brls. Apples @ $2.75, 45 baskets Grapes @ 25c, 20 boxes Fla. Oranges @ $3, 30 bunches Bananas @ $1.25.

299. Pay cash to the Commercial Exchange for hay for feeding your dray team, $5. Take a receipt without merchandise.

300. Pay Lockwood & Gardiner your check for an Office Safe, taking a receipted bill.

Office Course. Pay ten times your monthly office rent, making the payment at the Commercial Exchange.

Tablet Course. Pay the amount called for in the receipted bill in your tablet.

Debit "Chattels."

301. Deposit currency and checks, reserving balance as usual.

Balance and prove your Cash, and report your cash and bank balances.

Foot up your Purchase and Sales Books, and post your Ledger and Commission Sales Ledger. Take a trial balance by balances.

Caution. Remember to include in your trial balance, the accounts in the Commission Sales Ledger.

SECTION TWELVE.

302. Buy of E. T. Vance, on account, 4—15, 4—16.

303. The Merchandise ordered in Transaction 261 should now be ready. Follow previous instructions, giving your check for the freight charges.

304. Verify and enter the invoice or invoices for the merchandise received in the preceding transactions, following the previous instructions.

305. Give E. C. Petticord your check to pay the note you gave in Transaction 163.

306. Buy of C. A. Chase, on account, 5—17, 4—18.

307. Collect cash of C. M. Howard in full of account, giving a receipt.

308. Draw on O. R. Kingman at sight in full of account, in favor of your bank, and leave the draft at the bank for collection.

Write to O. R. Kingman, notifying him of the draft. Do not credit Kingman until the draft is paid, but make a pencil entry in the Ledger Account, similar to the following "Sept. 12, 190—, Sight draft through bank."

309. Sell Simmons & Co., on account,, 2—21, 3—22, 2—24, 25 brls. Apples @ $2. 75,50 baskets Grapes @ 25c.

310. Buy a lot containing a store room and offices, for the consideration named below. Give your check for one-fourth of the purchase price, if you have that much money in the bank; if not, make the check for your bank balance in even hundreds. Give four notes in equal amounts for the balance of the purchase price, making the notes payable in 30, 60, 90 and 120 days, with interest at the rate of 6 per cent per annum, and securing the notes by giving a mortgage on the property you have just bought.

See "Warranty Deed," page 136, and "Real Estate Mortgage," page 137.

Office Course. Make a puchase at your Real Estate Agency, making the consideration twenty times the amount of your note discounted at bank in Transaction 115.

If there is no Real Estate Agency, fill out these papers describing the property as the north 20 feet of Lot 5, Block 16, according to the recorded plat, further known as No. 95 Fourth Avenue, of your town or city. Pass the deed to your teacher for signature and the mortgage for his approval, and deliver the check, notes and mortgage to the Commercial Exchange.

Tablet Course. Complete the deed found in your tablet by filling in your name, and the current date. Draw up the required check, notes and mortgage securing payment of the notes, and deliver the same through "Outgoing Papers."

311. Draw on the Western Cereal Co. at sight for the balance of their account and discount the draft at bank at the usual rate, depositing the proceeds.

Write to the Western Cereal Co. notifying them of the draft.

312. Sell Parker & Preston, on account, 3-23, 2—25, 4—26, 25 boxes Fla. Oranges @ $3, 35 bunches Bananas @ $1.25.

313. Collect cash of J. W. Davis for the sale in Transaction 192, giving your receipt.

314. Buy of C. A. Chase on account, 1—15, 1—17.

315. Sell Leonard & Loomis, on account, 3—21, 4—23.

316. Give your check to J. C. Aldrich to pay for your purchases on account in Transactions 195 and 240.

317. Collect cash at the Commercial Exchange for screening grain, $3.50.

318. Debit consignment No. 2 with the regular commission house charges, as given at bottom of your price list for Set Three. Close the consignment, giving your check favor H. T. Davis for the net proceeds. Send an Account Sales with the check.

See "Commission Sales Ledger," pages 130 and 131, and "Account Sales," page 128.

319. Pay cash for postage, $2.

320. Sell E. J. Fowler on account, 1—22, 1—24, 1—25, 1—26.

321. Collect cash of Simmons & Co. for the sale in Transaction 278, giving receipt.

322. Buy of A. R. Gordon, on account, 6—19, giving a check for one-half the amount to apply on the purchase.

323. Deposit checks and cash reserving balance as usual.

Balance and prove your Cash, and report your cash and bank balances.

SECTION THIRTEEN.

324. Buy of J. C. Aldrich, on account, 5—20.

325. Borrow money at the bank on your collateral note due on or before 15 days after date, bearing interest at the rate of eight per cent per annum, giving to the bank as collateral security the three notes that you received in Transaction 284. Write your collateral note for exact hundreds nearest to three-fourths of the total amount of the three notes and receive credit for the amount of the collateral note as a deposit. (If the three notes amounted to $1152.81, three-fourths of that amount would be $864.61, and the nearest exact hundreds would be $900.)

Indorse the notes you deliver as collateral security and the bank will collect these notes as they mature and will hold this fund to apply in payment of your collateral note.

Two entries will be required, one in the Cash Book, debiting the Bank and crediting Bills Payable for the amount of the collateral note, and one in the Journal, debiting Collaterals and crediting Bills Receivable with the face amount of the notes deposited as collateral.

326. The account sales for your shipment in Transaction 272 should now be ready for entry. The net proceeds may be entered in your Sales Book to the debit of the commission firm, as explained in "Keeping Accounts of Shipments," page 127.

Office Course. If you have no Commission Office, or if an account sales has not been received, you can estimate the net proceeds due you. Compute carefully the gross amount of the sales at the selling prices given in your price list. Also compute the charges at the rate given in your price list under the title "Commission Office Charges." The difference between total sales and total charges will be the net proceeds.

Tablet Course. Receive through your tablet an account sales from the commission firm to whom shipment was made in Transaction 272. Compute carefully the gross amount of the sales which have been made at the selling prices given in your price list. Also compute the charges at the rates given in your price list under the title "Commission Office Charges." After the net proceeds is found to be correct, complete the account sales by inserting the items and amounts left blank.

327. Insure your building purchased in Transaction 310, for one-half of the cost of the property, having a policy in the College Insurance Co. for three-fifths of the amount insured for one year at a premium of one and one-fifth per cent, and a policy in the Commercial Insurance Co. for two-fifths of the amount insured for a period of six months, paying for premium on the latter policy three-fourths of one per cent. Give your check for the premium on the two policies.

Office Course. If you have no Insurance Agency, fill out the policy blanks in your outfit and pass them to the teacher for signature, paying the premiums at the Commercial Exchange.

Tablet Course. Complete the insurance policies found in your tablet, using as models for the inserted clauses the policies received by you in Transactions 143 and 297. Deliver check for the premiums as usual.

328. Draw on Conrad Schopp & Co. at sight for the net proceeds of your shipment entered in Transaction 326, and discount the draft at your usual rate, depositing the proceeds.

329. Deduct five per cent discount from the invoices recorded in Transaction 304, and forward a bank draft to each firm to pay the balance of their invoice after discount. Give your check to the bank to pay for the drafts and exchange estimated at the usual rate, 5 cents per draft on amounts less than $40, and one-eighth of one per cent on amounts above $40. Write letters enclosing the drafts.

330. Receive cash for weighing and screening grain, $6.

331. Sell J. B. Ellis, on account, 1—21, 2—22, 2—23.

332. Receive consignment No. 3 through your tablet and enter same in your Commission Sales Ledger.

333. Receive consignment No. 4 through your tablet and enter same in your Commission Sales Ledger.

334. Give your check for freight charges on the two consignments.

335. Make shipments to your commission firms as instructed in your directory, sending 10—15, 10—17, 10—18, 10—20. Request each firm to give you credit for the proceeds, subject to your sight drafts. Prepay freight on these shipments by check.

336. Sell Simmons & Co., on account, 3—24, 3—26.

337. The merchandise ordered in Transaction 288 should now be ready for entry. Give your check to pay freight on the same at the usual rates.

338. Verify and enter the invoices for the merchandise received in preceding transaction, following previous instructions.

339. Sell W. J. Jerome, of Creston, 2—25, 2—27, 2—29, 25 boxes Riverside Oranges @ $3.25, 5 boxes Lemons @ $2.75, shipping by Freight Office, transportation unpaid. Draw on Jerome at sight for the amount of the bill in favor of your bank, leaving the draft for collection. This sale will post to the Ledger, with a pencil entry in explanation column, similar to the one made in Transaction 308.

340. Rent your store room to Simmons & Co. for a period of three months at the same rate you have been paying for warehouse rent. No lease will be required in this case. Make a memorandum entry in your Journal.

Office Course. Collect cash for first month's rent at the Commercial Exchange, giving receipt.

Tablet Course. Collect the cash for first month's rent through "Incoming Currency," giving a receipt.

341. Give check to H. E. Baker, to pay for the credit in Transaction 205.

342. Receive credit at bank for the proceeds of the draft on O. R. Kingman you left for collection in Transaction 308. The bank deducts one-fourth of one per cent for collection fee.

Make Compound Journal entry.

343. Order of the wholesale firms the following merchandise, asking them to bill same on account with best discount for cash in five days.

Office Course. Order one shipping card each of Nos. 21, 22, 25 and 29.

Tablet Course. Order 10 sacks Almonds, 10 boxes Dried Apricots, 10 sacks English Walnuts, 10 boxes Figs, 10 sacks Filberts, 10 boxes Dried Peaches.

344. Buy of C. A. Nelson, a horse and delivery wagon for $210, giving your check for $60, and your note at 15 days for balance.

Office Course. Deliver the check and note at the Commercial Exchange, and also take a Bill of Sale, properly written up in your favor for Nelson's signature.

Tablet Course. Complete the Bill of Sale found in your tablet, using the Bill of Sale you received in Transaction 274 as a model. Deliver the check and note as usual.

345. Collect cash of Leonard & Loomis for the sale in Transaction 287, giving a receipt.

346. Debit Consignment No. 1 with storage 1½ cts. per cwt., drayage 2 cts. per cwt., insurance one-eighth of one per cent of the total amount of the sales, and commission 2½ per cent of the total amount of sales. Close the consignment, sending an Account Sales to the Chalmers Fruit Co. and giving them credit for the net proceeds.

347. Pay cash for clerk's salary, $15.

348. Sell H. E. Barton for cash, 3 brls. Sweet Potatoes @ $3.75, 3 brls. Cranberries @ $6.25, 2—28, 2—30.

349. Sell one of your certificates, 5 shares of C. C. Railway stock, to A. R. Watson at the Commercial Exchange, for cash at 90.

Make the necessary endorsement on the certificate, assigning the stock to Watson, and authorizing the Secretary of the company to make the necessary transfer on the books of the company.

350. Write another ad. announcing the special fruits in your third and fourth consignments. Pay cash for the ad. in School News, $3. No receipt.

351. Send a telegram ordering the following merchandise to be sent with the other items ordered in Transaction 343, delivering the telegram to the teacher with cash for charges, 50 cts.

Office Course. Order one shipping card No. 30.

Tablet Course. Order ten sacks Pecan Nuts.

Read "Telegraphing" page 132.

352. Deposit all cash on hand except the usual amount of small bills and fractionals, and call for a bank statement.

Balance and prove your Cash, and report your cash and bank balances.

Foot your Purchase and Sales Books, and post your Ledger and Commission Sales Ledger. Take a trial balance.

Take inventories as follows:

1. Your merchandise Nos. 11 to 20, estimating any on hand at cost, and any of these varieties shipped to commission houses, but not yet reported sold, at an advance of 3 cents per lb. above buying prices on Butter and Cheese, 3 cents per dozen advance on Eggs, and 5 cents per bu. advance on other items in this list, adding also the freight you have prepaid on these shipments.

2. Your Merchandise Nos. 21 to 30, estimating all varieties on hand at invoice cost and freight.

3. Your teams, dray and delivery wagon, estimating them at 5 per cent less than cost, and your safe at cost.

4. Your hay and oats purchased for feeding teams, estimating value of supply on hand at $16, and other prepaid expense items other than insurance at $7.50.

5. Your unexpired insurance on merchandise, estimated at $2.

6. Your unexpired insurance on building, estimated at ninety-five per cent of the premiums paid in Transaction 327.

7. Your Warehoure Fixtures at ninety-eight per cent of the inventory at the beginning of Set Three.

8. Your real estate at an advance of $100 above the cost in Transaction 310.

9. Your C. C. Railway stock on hand, estimated at 90.

10. Accrued interest, estimating nine days' interest receivable on the three notes received in Transaction 284 and since delivered to the bank as collateral security. Estimate interest payable, ten days on the note given in Transaction 258, eight days on the note given in Transaction 274, six days on the note given in Transaction 289, five days on the notes given in Transaction 310.

Make a financial statement, without closing your Ledger, showing present worth of firm, net gain or loss, and the present worth of each partner.

Submit your books and your filing envelopes for inspection, following the special instructions given at the close of Section Six, page 119.

SECTION FOURTEEN.

A bank statement of your deposit account with your cancelled checks should now be ready. Follow the special instructions given at opening of Section Seven.

Compare the returned checks with your Cash Book entries and file away the checks as usual.

353. J. B. Ellis reports 2—23, which he purchased in Transaction 331, damaged and unsalable. Hand him memorandum of credit for the same.

Enter this in the Journal, as it is not a regular purchase.

354. Report the unsalable merchandise recorded in preceding transaction to the firm that sold it to you. Debit the firm for this merchandise, estimated at your buying price and freight charges. Notify the firm of the amount of your charge and request them to send you a memorandum of credit.

355. Find a telegram order in your tablet from O. R. Kingman. Fill the same, sending as requested by freight and billing on account. In filling this order send Riverside Oranges from Const. No. 4 @ $3.45 per box, and Lemons from the same consignment @ $2.75 per box.

356. Send telegram to O. R. Kingman, acknowledging his order in last transaction and advising him that goods have been shipped. Pay cash for the charges, 35c.

357. Collect cash from E. P. Bartlett in payment of the note you received in Transaction 283.

358. Buy of A. R. Gordon on account, 3—14, 3—16.

359. The bank has collected cash from the Central Coal Co. in payment of their first note received in Transaction 284 including nine days' interest at the given rate.

The bank has not entered this in your regular deposit account, but has given you credit in a special collection account until you have applied it in payment of your collateral note. In this transaction, debit Collateral Cash and credit Collaterals. This is not a Cash Book entry.

360. Pay cash for repairs on your fanning mill, $3. No receipt. (Charge Warehouse Fixtures.)

361. Buy of E. T. Vance, on account, 7—14.

362. Collect cash of Parker & Preston for the sale in Transaction 291, giving receipt.

363. The account sales for your shipment in Transaction 280 should now be ready, the net proceeds being credited subject to your sight draft. Follow directions given in Transaction 326.

364. Sell Simmons & Co., on account, 4—21, 1—23, 4—24, 5 brl. Sweet Potatoes @ $3.60, 5 brl. Cranberries @ $6.30.

365. Give J. C. Aldrich a check to pay for his credit in Transaction 294.

366. Collect cash of P. G. Smith for rent of an office room for one month in your building, double the amount you have paid monthly for your office, giving receipt.

367. Sell five shares of your Central Commercial Railway stock to A. R. Knott, at 92, receiving his check. Follow the instructions given in Transaction 349 regarding the transfer of these shares.

368. Deposit in bank the cash and check you collected in Transactions 362 and 367.

369. Collect cash for weighing and screening grain, $3.50.

370. Ship all you have on hand of Nos. 11 to 20, to your Commission firms to sell on your account and risk. Request each firm to sell the merchandise at once and give you credit for the proceeds subject to your sight drafts. Prepay freight on these shipments by check.

Balance and prove your Cash, and report your cash and bank balances.

Section Fifteen.

371. Call at Bank and receive credit on your pass book for the proceeds of your draft on W. J. Jerome, left for collection in Transaction 339, the bank having deducted their usual collection fee of ¼ of one per cent.

372. Collect cash of J. B. Ellis in full of his account, giving a receipt.

373. Sell Buckley & Brown, 3—21, 4—23, 2—25, 15 boxes Riverside Oranges @ $3.45, 15 boxes Lemons @ $2 85. Deduct a discount of 5 per cent on the first three items, allowing no discount on the consignment goods, and collect cash for the net amount of the bill.

See last entry in "Model Commission Sales Book," page 129.

374. Draw on the Union Commission Co. at sight for the proceeds of your shipment reported in Transaction 363, and deposit the draft, less their usual discount of ½ of one per cent.

375. Remit your check to Buck-Reiner Co. for the amount due on their credit in Transaction 338. Before remitting, examine their account, to see if any deductions should be made from the invoice by reason of returned goods. If so, deduct the amount of the debit, after which deduct 5 per cent discount for cash payment within ten days.

Send a letter with the check explaining the transaction.

376. Sell R. W. Thomas the balance of your C. C. Railway stock at 95, receiving check for same.

377. The merchandise ordered by letter in Transaction 343 and by Telegram in Transaction 351 should be at the Freight Office. Give your check to pay freight charges on same at the usual rate.

378. Verify and enter the invoices for the merchandise received in preceding transaction and file the invoices. Follow previous instructions.

379. The bank reports the collection of the second note from the Central Coal Co., which you left as collateral in Transaction 325, including 12 days' interest at the given rate.

See explanation in Transaction 359.

380. Collect cash of Simmons & Co., in payment for the sale in Transaction 309, less a cash discount of five per cent on the merchandise items in the sale, but allowing no discount on the consignment items.

381. Pay cash to Allen & Co. for painting your store building, $35. Take a receipted bill.

382. Sell Leonard & Loomis, on account, 5—22, 6—24, 5—26, 10 boxes Riverside Oranges @ $3.50, 20 boxes Lemons @ $2.85, deducting from the bill a discount of 5 per cent from the first three items.

383. Send a bank draft to the Union Coal Co. to pay your note given them in Transaction 221. Pay check for the draft and for exchange at the usual rate.

For exchange rate, see Transaction 159.

384. Collect cash of J. B. Clark for one month's rent of office in your building, three-fifths of the amount received in Transaction 366.

385. Pay cash to A. R. Dumont for your note given him in Transaction 211.

386. Send your certified check to the Earl Fruit Co. to pay for their invoice recorded in Transaction 338, less a cash discount of 5 per cent. Before remitting, examine their account and if any deduction should be made by reason of return goods, take the amount from their credit. After doing so, deduct the discount and remit the net amount.

Follow special instructions given in Transaction 221.

387. Pay cash for shoeing your horses, $2.75. No receipt.

388. Sell R. I. Lawton, for cash, 1—27, 3—28, 3—30, 25 boxes Lemons @ $2.90.

389. The 5 boxes Riverside Oranges remaining from Jones & Pratt's consignment are unsalable and should be destroyed. Make a memorandum of the same in their consignment account.

Debit Jones & Pratt's consignment with charges at the rates given on your price list for Set Three. Close the consignment, purchasing a draft favor of Jones & Pratt for the net proceeds less exchange at the usual rate. Send them an Account Sales with the draft, inclosing them a letter explaining about the damaged Oranges.

390. Deposit currency and checks, reserving a balance as usual.

391. The two account sales from your shipments in Transaction 335 should now be ready, the net proceeds being credited, subject to your sight drafts. Follow directions given in Transaction 326.

Balance and prove your Cash, and report your cash and bank balances.

Post all entries to the Ledger except the totals of the Purchase and Sales Book. Remember to post from your Commission Sales Ledger.

SECTION SIXTEEN.

392. Sell Simmons & Co., on account 7—21, 6—23, 13—25, 7—27, 7 brls. Sweet Potatoes @ $3 60, 7 brls. Cranberries @ $6.50, deducting a discount of 5 per cent on the first four varieties.

393. Collect cash for weighing and screening grain, $4.

394. Give your check to pay your note given to the bank in Transaction 248.

395. The bank reports collection of the third note from the Central Coal Co., which you left as collateral in Transaction 325, including 15 days' interest at the given rate.

See explanation in Transaction 359.

396. Draw a check on your bank from your collateral cash to pay the collateral note you gave the bank in Transaction 325, including 10 days' interest at the given rate.

In writing above check make it payable to "Collateral Note," and sign the check as usual, adding below your signature, "Collateral Account." Remember that your collateral cash account is not kept in your Cash Book. Do not deduct the amount of this check from your regular bank balance.

397. Write a check in favor of your firm for the balance of your collateral cash, after deducting the check drawn in preceding transaction. Sign this check like the last one. Indorse this check and deposit it in your regular account. (Cash Book, debit side.)

398. Give H. E. Baker a check to balance his account.

Post and rule up every account as soon as it is settled in full.

399. The account sales for your shipments in Transaction 370 should now be ready for entry, the net proceeds being credited, subject to your sight drafts. Follow directions given in Transaction 326.

400. Sell your real estate to E. G. Andrews, represented by your teacher, for $200 in advance of the amount you paid for it in Transaction 310. Receive in payment, through your tablet, 90 shares of Central Commercial Railway stock at 95 and give Andrews your check for the difference, or collect cash from him if the price of the real estate is more than the value of the shares.

Give a warranty deed to Andrews, having it acknowledged by the person appointed to act as Notary Public. Pay cash for notary fees, 50 cts. Deliver the deed to Andrews.

401. Pay the note that you gave in Transaction 310, including 12 days' interest at the given rate. Give in payment 50 shares or your Central Commercial Railway stock @ 96, and your check for the balance. Receive a release of mortgage with the cancelled notes.

A Release of Mortgage should be copied on the county records, the same as a deed or mortgage. Assuming that your mortgage release has been recorded, file it with your cancelled notes in "Receipts and Vouchers."

Office Course. The Real Estate Agent will hand you a release of mortgage.

Tablet Course. Complete the release of mortgage found in your tablet, filling in the blank spaces required.

402. If you do not have money enough to make the required payment in above transaction, borrow the necessary amount of your teacher, in even hundreds, and deposit the same. Make an entry in your Cash Book, "Loan from Teacher," and extend the amount in the Bank column.

Loan accounts may be kept in either of two methods. An account with Loans may be opened in the Ledger, or the Loan entry may be checked when another entry is made in the Cash Book indicating that the loan has been paid. If a trial balance is required before a loan has been paid, the ledger account would be necessary.

403. Give your check to pay your note favor C. A Chase, given in Transaction 239.

404. Sell Leonard & Loomis, on accouut, 10 brls. Sweet Potatoes @ $3.50, 10 brls. Cranberries @ $6.60, 5—28, 8—29, 5—30.

405. Send the Earl Fruit Co. a bank draft for the proceeds of their invoice recorded in Transaction 378, after deducting a cash discount of 5 per cent. Give your check to pay for this draft and for exchange at the usual rate.

406. Draw on O. R. Kingman at sight for balance of his account, and discount the draft at bank at the usual rate, depositing the proceeds.

Notify Kingman of the draft.

407. Post Simmons & Co's. account and render a statement, collecting cash for balance due. Deliver the statement receipted.

408. Send the Chalmers Fruit Co. a check to balance their account, inclosing the check in a letter referring to the payment, and advising this firm that you are about to close out the commission business and that on this account no further consignments will be received.

409. Receive cash of E. J. Fowler in full of account, giving receipt.

410. Deposit all cash and checks you have on hand. Balance and prove your Cash, and report your bank balance.

Post all entries to the Ledger except the Loan and the totals of the Purchase and Sales Books.

SECTION SEVENTEEN.

411. Draw on the Union Commission Co. and on Conrad Schopp & Co., each at sight in full of account, and discount these drafts at bank at one-half of one per cent, depositing the proceeds.

Notify these firms of the drafts.

412. Sell Parker & Preston, on account, 9—22, 4—24, 7—26, deducting a discount of 7½ per cent.

413. Give C. A. Chase a check to balance his account.

414. Collect cash of J. W. Davis, in full of account, giving a receipt.

415. Send your check to pay the accepted draft or note you gave in Tansaction 246, as follows:

Office Course. Pay the accepted draft or note you signed in favor of the Anchor Mills, including twelve days' interest at the rate of 6 per cent per annum.

Tablet Course. Pay the draft you accepted favor the Union Coal Co., including twelve days' interest at the rate of six per cent per annum.

416. Sell E. A. Rogers, for cash, 15 brls. Sweet Potatoes @ $3.80, 15 brls. Cranberries @ $5.75.

417. Give E. T. Vance a check in full of his account.

418. Deduct a discount of 5 per cent from the invoice of Buck-Reiner Co., recorded in Transaction 378, and send them your check for the proceeds.

419. Debit Grant & Co.'s consignment with charges at your usual rates. Close the consignment, giving your check favor Grant & Co. for the net proceeds. Enclose the account sales and check in a letter, notifying Grant & Co. that you are about to withdraw from the commission business.

420. Give A. R. Gordon a check in full of account.

421. Render Leonard & Loomis a statement of account, collecting cash for the amount and receipting the statement.

422. Send your check to the Union Coal Co. to pay the accepted draft or note you gave them in Transaction 246, if you have not already paid it, and the note you gave them in Transaction 256. No charge is made for interest in this transaction.

Enter only in Cash Book.

423. Post Parker & Preston's account and render a statement, collecting cash in full and receipting the statement.

424. Sell your warehouse fixtures to the Case Commission Co. for $5 less than the inventory value at the close of Set Two, and your team and dray at an advance of $25 above the price you paid for them in Transaction 274, and the oats and hay on hand, used for feed, at $12, receiving cash for same, and giving a bill of sale.

Enter only in Cash Book.

425. Pay cash for your note given to E. A. Scott in Transaction 270, and your note given to C. E. Palmer in Transaction 289, including 15 days' interest on the latter note at the given rate.

Cash Book—three entries.

426. Sell your horse and delivery wagon to Simmons & Co. at an advance of $20 above the price you paid for them in Transaction 344, and your entire stock of merchandise on hand at an advance of 10 per cent above invoice cost, giving a bill of sale, and receiving cash for the entire amount.

Enter first item in Cash Book, and the merchandise in Sales Book and Cash Book.
In estimating the amount of the merchandise sale, find the total amount at invoice cost and add ten per cent.

427. Give cash to pay your outstanding notes, as follows:—
Favor A. R. Gordon, given in Transaction 258, with eighteen days' interest at the given rate.
Favor E. A. Long, given in Transaction 274, with sixteen days' interest at the given rate.
Favor C. E. Parks, given in Transaction 279, no interest.
Favor C. A. Nelson, given in Transaction 344, no interest.

Tablet Course. In addition to above notes, pay the three notes you gave in Transaction 124.

428. Pay J. C. Aldrich cash to balance his account.

429. Return cash to the teacher to pay the loan in Transaction 402.

430. Give the student a check for one month's salary at the rate specified in the partnership agreement.

431. As you are about to dissolve partnership, sell to A. H. Norton the safe at $10 less than cost, in Transaction 300, and the remaining 40 shares of Central Commercial Railway Stock at 95, charging the same to his investment account.

432. Prepare a Notice of Dissolution of Partnership for publication in the "School News," and hand the same to your teacher. Pay cash for the publication, $2.

Dissolution of Partnership.

When a firm dissolves partnership, a notice of the dissolution should be published in the newspapers of the town where the firm has been located, and if the firm has unsettled accounts with other persons, each of these persons should receive a notice of the dissolution, stating the conditions on which the accounts are to be settled.

Form of Notice of Dissolution.

The partnership heretofore existing between (The Student) and A. H. Norton, under the firm name of (Student) & Co., is this day dissolved by mutual consent. Accounts due the firm are to be paid to A. H. Norton, and all claims against the firm should be presented to him for settlement.

THE STUDENT,
A. H. NORTON.

COLLEGE CITY, Dec. 1, 190—

Transactions—*Continued.*

433. Deposit all checks and cash.
Balance and prove your Cash, and report your bank balance.
Make a financial statement. There are no inventories.

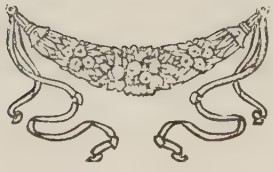
434. The statement shows a balance due from A. H. Norton to the firm, and Norton, represented by the teacher, pays cash for this balance, which you will at once deposit.

435. Write a check in favor of yourself for your net interest in the business as shown on the statement. Indorse this check and deliver it to your teacher, it represents the capital you have withdrawn from the business.

Post these final entries and close your Ledger.

Submit your books and your filing envelopes for inspection as instructed at the close of Section Six.

A bank statement of your deposit account with your cancelled checks should now be ready. Follow the special instructions given at the opening of Section Seven. Compare the returned checks with your Cash Book entries and file away the checks.



Mercantile Terms.

We have not attempted to give a dictionary of all the terms in use, but have selected a list of the more common words and phrases, and such as would seem of special utility to those preparing for business; nor have we given all the definitions that belong to these words. It has been our study to select only those definitions that apply particularly to the commercial use of each term or phrase.

It would be well to use these lists as lessons for oral and written spelling and definition, until the scholar can write correctly and use correctly each word in the list.

ACCEPT.—To agree to pay a draft at maturity.

ACCEPTANCE.—An agreement by signature to pay a draft or bill according to its terms. Also the term applied to the bill after being accepted.

ACCOMMODATION.—The loan of money or of one's name merely as a favor.

ACCOMMODATION PAPER.—Notes or bills given without actual indebtedness or consideration, to be used for the accommodation of some other person.

ACCOUNT.—The arrangement of debits and credits under the name of a person or some appropriate title.

ACCOUNTANT.—One skilled in the art of keeping accounts.

ACCOUNT CURRENT.—A running account. A detailed statement of the transactions between two persons or firms, usually expressed in the form of debtor and creditor

ACCOUNT SALES.—An itemized statement of sales and expenses, sent by a commission merchant to his principal.

ACCRUED.—Interest accumulated and unpaid.

ACKNOWLEDGEMENT.—A formal admission made before an officer, that the act described was voluntarily done. The officer's certificate of the admission is also called an acknowledgement.

ACTUARY.—An officer of life insurance companies, skilled in computing annuities.

ADJUSTMENT.—A general settlement; usually of a loss, or of a disputed account.

ADMINISTRATOR.—One that is legally appointed to settle an estate.

ADULTERATION.—The act of mixing spurious articles with a genuine commodity.

AD VALOREM.—According to value. A custom house term, relating to the estimating of duties upon the value of imported goods.

ADVANCE.—Increase in prices. Money paid on goods before their delivery.

ADVENTURE.—A shipment of goods to be sold on the shipper's risk.

ADVICE.—Information or counsel given, usually relative to the sale or purchase of goods.

AFFIDAVIT.—A written declaration under oath.

AGENT.—One who acts for another, usually in the transaction of business.

ALLOWANCE.—A deduction made for various reasons. A stipulated sum granted to a person.

ANNUITY.—A sum of money payable at stated periods.

ANTE-DATE.—To date before the present time.

APPRAISAL.—The act of placing a value on goods.

APPRAISER.—One who makes the appraisal.

APPURTENANCE.—A minor improvement, a right or a privilege belonging to any property and passing with it from one owner to another.

ARBITRATION.—The adjustment of a disputed point by a person or persons chosen by the parties in dispute.

ARREARS.—Dues not paid at maturity.

ASSESS.—To value property for the purpose of taxation. To levy a tax.

ASSESSOR.—One who values the property.

ASSETS.—Property values or resources of any kind.

ASSIGNEE.—A person to whom the property of a bankrupt or an insolvent debtor is transferred for the benefit of the insolvent's creditors.

ASSIGNMENT.—The act of transfering property to the assignee.

ASSIGNOR.—One who makes an assignment.

ASSORTMENT.—A variety of sorts or kinds.

ASSUME.—To become liable for the promises of another.

ASSURE.—The same as insure, which is written more frequently.

ATTACHMENT.—A warrant for the purpose of seizing a man's person or property.

ATTORNEY.—A lawyer. An agent usually appointed by written authority under seal, and called an attorney in fact.

AUCTION.—A sale to the highest bidder.

AUCTIONEER.—One who sells at auction.

AUDIT.—To examine and prove accounts.

AUDITOR.—An officer appointed by government, state or county, or by any corporation, to examine claims upon the treasury, and to investigate the treasurer's accounts.

AUXILIARY.—Applied to various account books that are kept as aids to the principal books.

AVAILS.—The proceeds of property sold.

AVERAGE.—An apportionment of a loss at sea among those interested in ship and cargo. The mean time of payment for several debts due at different times.

AVOIRDUPOIS.—The common standard of weight for all articles except the precious metals and medicines.

BAIL.—Surety for another; especially, surety for his presence on trial at a stated time.

BAILMENT.—A delivery of goods to be held in trust.

BALANCE.—A term used to denote the difference between the sides of an account.

BALANCE OF TRADE.—The difference between the value of the imports and exports of any country.

BANK-BOOK.—A pass-book carried by a depositor, in which the teller of a bank records deposits, and in which the book-keeper enters the paid checks at stated intervals, usually at the end of each month.

BANK-BILLS OR NOTES.—Promissory notes issued by banks, payable on demand, and used as money.

BANKRUPT.—One who is unable to pay his debts, and who fails in business.

BEARS.—Dealers in stocks and other commodities, who endeavor to bear down or diminish the prices.

BILL.—A statement in writing, as a list of items bought or sold, or of services rendered. The common term applied to a note or draft.

BILL OF EXCHANGE.—An order for the payment of money, usually drawn on a person or firm located in a foreign country, the term draft being used to designate bills that are payable in the same country in which they are drawn.

BILL OF LADING.—A written account of goods shipped and the conditions of shipment, having the signature of the carrier's agent, and given to the shipper as a receipt

BILL OF SALE.—A writing given by the seller to the buyer, transferring the ownership of personal property.

BILLS RECEIVABLE.—Other people's notes and drafts due us.

BILLS PAYABLE.—Our notes and acceptances due to other people.

BOARD OF TRADE.—An association of business men for the regulation and advancement of commercial interests.

BONA FIDE.—In good faith.

BOND.—A written instrument under seal, by which the party executing the bond binds himself and his heirs to the fulfillment of certain stipulations.

BONDED CARS.—Cars containing imported goods under seal, on which the duty has not been paid.

BONDED GOODS.—Those which are stored in a bonded warehouse, or in bonded cars, the owner having given bonds securing the payment of import duties or of internal revenues, upon their removal or their arrival at some inland city of entry, and before a specified time.

BONDED WAREHOUSES.—Warehouses where goods are stored under bonds securing payment of duties or revenues.

BONUS.—A premium given on a loan, or for any favor shown.

BROKER.—An agent who effects sales or purchases, or who makes loans and contracts for another. Also a term applied to one who deals in stocks. A broker does not usually have possession of the property which he sells or buys as agent.

BROKERAGE.—A percentage charged by a broker for transacting business for another person.

BULLION.—Uncoined gold or silver.

BULLS.—Dealers who operate to raise the price of stocks or other commodities.

BUSINESS.—Exchange of commodities and of commercial values. Also a term representing one's occupation.

CAPITAL.—The investment in business.

CARGO.—The freight of a vessel.

CASHIER.—The officer who has charge of the finances of any business. The executive officer of a bank.

CARRIER.—One who conveys goods for others.

CERTIFICATE.—A written voucher attesting to some fact; as a certificate of deposit, a certificate of stock.

CERTIFIED CHECK.—One which has been certified or accepted by the bank on which it is drawn, making the bank responsible for its payment.

CHARTER.—A paper from government defining the rights and privileges of corporations. To hire or let an instrument of transportation; as a ship, a railway car.

CHATTEL.—Any kind of property except real estate. Examples: merchandise, notes and accounts, animals, leases of real estate, etc.

CHECK.—An order on a bank drawn by a depositor.

CLEARANCE.—A custom house officer's certificate, showing that a vessel has been cleared, and has permit to sail.

CLEARING HOUSE.—The place where banks make exchange of drafts and checks, and settle balances.

CODICIL.—A supplement to a will.

COIN.—A piece of metal impressed with the government stamp, and used as money.

COLLATERALS.—Pledges of stocks, notes or chattels, for security on loans and other indebtedness.

COMMERCE.—Exchange of commodities.

COMMERCIAL PAPER.—Bills of exchange, drafts and notes given in the course of trade.

COMMISSION.—A percentage given for the sale or purchase of goods, or the transaction of other business.

COMMODITY.—A term relating to everything movable that is bought and sold. Examples: goods, wares, merchandise, the products of lands and manufactures.

COMMON CARRIER.—One who for pay engages to transport goods for any person who chooses to employ him.

COMMON LAW.—Law based upon the precedent of usage, and not contained in the statutes enacted by legislative bodies.

COMPACT.—An agreement or contract between parties.

COMPANY.—A corporation. A term used in a firm name to designate other partners whose names are not given.

COMPROMISE.—To settle a claim by paying or receiving only a part of the amount. To agree upon a settlement based upon mutual concessions.

CONSIDERATION.—The material cause of a contract. The thing promised, or the reason for the promise.

CONSIGNEE.—One to whom goods are sent.

CONSIGNMENT.—Merchandise consigned to an agent to be sold.

CONSIGNOR.—One who sends or consigns the merchandise.

CONSOLS.—The chief public stock of England, bearing 3 per cent interest.

CONSUL.—An agent for a government, residing at a seaport in a foreign country, and guarding the commercial interests of his own country.

CONTRA.—On the opposite side.

CONTRABAND.—Unlawful. Articles prohibited from being bought or sold.

CONTRACT.—An agreement based on a consideration, to do or not to do a certain thing.

COPARTNERSHIP.—The joining of two or more persons into one firm for the purpose of carrying on any enterprise. It has the same meaning as partnership.

COPYRIGHT.—The right granted by government to an author to control the publication of any book or work.

CORPORATION.—A number of persons associated together, composing a firm for conducting any enterprise specified in their charter.

CORRESPONDENCE.—An interchange of letters.

CORRESPONDENTS.—Banking firms and collection agencies with whom a bank has accounts, are called its correspondents.

COUNTERFEIT.—A spurious bank bill; a forgery.

COUNTERSIGN.—To sign as a subordinate officer.

COUPON.—An interest note or a certificate attached to a bond, which is cut off from the bond and collected when due.

COUPON BONDS.—Bonds with interest coupons attached.

COVENANT.—A mutual agreement under seal.

CREDENTIALS.—Testimonials giving authority.

CREDIT.—Trust given to a debtor. Mercantile reputation entitling one to be trusted. The side of an account on which we enter all values received from the party represented by the title.

CREDITOR.—One giving credit; one whom we owe.

CURRENCY.—Paper money as distinguished from coin. In a broader sense, the entire volume of money in circulation.
CUSTOM HOUSE.—A place where government duties are collected.
CUSTOMS.—Taxes or duties levied by government upon goods imported or exported.

DAYS OF GRACE.—An extension of time, usually three days, after a written obligation becomes due.
DEBIT.—An entry on the debtor side of an account.
DEBT.—An amount due from one to another.
DEBTOR.—One owing a debt.
DECIMAL.—That which increases and decreases by tens.
DEED.—A written contract under seal, usually transferring the ownership of real estate.
DEFALCATION.—Deduction or discount. Embezzlement of money by an officer having it in charge.
DEFAULTER.—One who fails to account for money and property entrusted to him.
DELIVERY.—The passing of money or goods to another.
DEPOSIT.—To commit to the care of another; especially to place money in bank subject to our order.
DEPOSITARY.—One to whom something is entrusted.
DEPUTY.—A person appointed to act for another.
DIPLOMACY.—The art of conducting negotiations with foreign governments.
DISCOUNT.—An allowance for payment of a debt before it is due. A sum prepaid as interest for the advance of money. To buy a note or account for less than its full amount.
DISHONOR.—A failure to pay an obligation when due. A failure to accept a draft when presented for acceptance.
DIVIDEND.—The portion alloted to each stockholder in the division of profits.
DONOR.—One who gives or bestows a gift.
DORMANT.—Referring to a partner who takes no share in the public management of a business, hence not named in the firm, but who shares in the gains and losses.
DOWER.—The right of a widow to a life interest in one-third of all the real estate owned by her husband at any time after their marriage.
DRAFT.—An order on an individual or a firm for the payment of money.
DRAWEE.—One to whom the draft is directed.
DRAWER.—The party drawing the draft and ordering payment.
DUE-BILL.—A brief, written acknowledgement of a debt, having the effect of a promissory note.
DUPLICATE.—An exact copy of anything.
DURESS.—Personal restraint, or fear of personal injury.
DUTIES.—Taxes levied by the government on imports, and sometimes on exports.

EARNEST.—Part of purchase money paid, or part of goods delivered to bind a verbal contract.
EFFECTS.—Property of any kind.
EMBARGO.—A government order prohibiting ships from sailing from any port.
EMBARRASSMENT.—Financial difficulty.
EMBEZZLEMENT.—A fraudulent appropriation of money entrusted to one's care.
EMPORIUM.—A commercial center.
ENDORSE, OR INDORSE.—To write one's name on the back of a commercial paper. To receipt a partial payment on the back of a note or bill.
ENDORSER, OR INDORSER.—The person who writes his name on the back of a commercial paper.
ENDORSEMENT.—See Indorsement.
ENGROSS.—To copy in manuscript.
ENTRY.—The record of a business transaction in an account book.
EQUATION.—The process of equalizing or averaging.
EQUITY.—The science of right and justice, which often corrects the application of law in a particular case.
EXCHANGE.—The giving of one value for another. The process of remitting money values by means of bills and drafts. The discount or premium arising from the purchase or sale of different classes of paper.
EXECUTION.—A written direction given to an officer, authorizing him to enforce a judgment. The act of signing and sealing a legal iustrument.
EXECUTOR.—One appointed by will to settle the estate of a person deceased.
EXPORTS.—Articles sent out of the country.
EXTENSION.—An agreement between debtor and creditor, postponing the time of payment of a debt.

FABRIC.—Any manufactured cloth; as, cotton or woolen fabrics.
FACE.—The amount expressed on a bill or note.
FACTOR.—An agent to whom goods are consigned for sale.
FAC SIMILE.—An exact copy.
FAILURE.—The act of becoming insolvent.
FAVOR.—A complimentary term applied to a letter received. A note or bill is said to be in favor of the payee.
FEE SIMPLE.—The absolute ownership of real estate.
FINANCE.—The revenue of a state. Public money.
FINANCIER.—One having charge of the public revenues. One skilled in money matters.
FIRM.—A general title of partnership, or of a business house.
FISCAL.—Pertaining to the public treasury or revenue. As, the fiscal year, meaning the financial year as reckoned by the department of finance.
FIXTURES.—The furnishings of a store or office that are not movable.
FLAT.—A term applied to stocks that are dull of sale.
F. O. B.—Free on Board. A term used on invoices and price lists, indicating that the merchandise is delivered to the carrier for shipment, without charges for cartage or boxing.
FOLIO.—The page of an account book.
FOOTING.—The amount of a column of figures.
FORCED SALES.—Sales of goods under price because of business necessity.
FORECLOSURE.—A process by which mortgaged property is sold by the mortgagee in order to pay the debt secured.
FORGERY.—The act of fraudulently writing or altering a written document.
FRAUD.—Deception practiced for the purpose of gaining an unfair advantage.
FREE GOODS.—Goods admitted to a country free of duty.
FREE TRADE.—Commerce between nations unrestricted by duties or tariff regulations.
FREIGHT.—Merchandise being transported. The price paid for transportation.
FUND.—A sum of money set aside for a special purpose.
FUNDED.—Turned into a permanent debt or loan.
FUNDS.—Ready money.

GAUGING.—The process of measuring the contents of casks.
GOODS.—A term synonomous with merchandise, chattels, commodities.
GOOD WILL.—The reputation and patronage that pertains to an established business.
GRACE.—Favor. See Days of Grace.
GRATUITY.—A free gift.
GREENBACKS.—United States notes, as distinct from national bank notes.
GROSS WEIGHT.—Weight of merchandise including the case or wrapping.
GUARANTEE, OR GUARANTY.—A surety for the performance of a contract, in case the party making the contract fails to keep it. A security against loss.

HIGHWAY.—A road which every one has the right to use.
HONOR.—To accept a draft, or to pay it when due.
HOUSE.—Another word for firm.

IMPORT.—To bring from a foreign country. The article brought.
INDEMNIFY.—To make good for injury or loss.
INDEMNITY.—A guarantee against loss or damage.
INDENTURE.—A mutual agreement in writing between two or more parties.
INDORSE.—See Endorse.
INDORSEMENT.—A writing on the back of any commercial paper.
INFRINGEMENT.—To trespass upon the rights of another, especially when granted some special right by law, such as a copyright, a patent, or a trade mark.
INJUNCTION.—A writ or process by which a party is required to do or to refrain from doing a special act.
INSOLVENCY.—Being unable to pay all debts; usually, synonomous with bankruptcy.
INSTALLMENT.—Part of a sum of money paid or to be paid.
INSTANT.—Referring to the present month; as, the sixth instant means the sixth day of the present or current month.
INSURANCE.—A contract to indemnify one in case of loss.
INTERNAL REVENUE.—That part of our government revenue which is collected as internal duties or taxes.
INTEREST.—A certain percentage paid by the debtor to the creditor for the use of money. A share in any business.
INTESTATE.—Dying without having made a will.
INVENTORY.—An itemized list of goods with their prices and amount.
INVESTMENT.—The laying out of money in the purchase of property.
INVOICE.—An itemized bill of merchandise bought, sold or shipped.

JOBBER.—One who buys from importers and manufacturers, and sells to retailers.
JOB LOTS.—Remnants and broken assortments of merchandise sold in lots under regular prices.
JOINT STOCK.—Property held in common by a company of men, each of whom is called a stockholder.
JOURNAL.—A book used to prepare entries for the ledger.
JOURNALIZING.—Entering records in the journal.
JUDGMENT.—The decree of a court enforcing a contract or redressing a wrong.
JUNIOR PARTNER.—The youngest member of a firm.

LANDLORD.—One who owns real estate and leases it to another.
LARCENY.—The taking of personal property unlawfully. Theft.
LEASE.—The letting of land and other property for hire. The contract for such letting, usually written, but sometimes verbal.
LEDGER.—The book of accounts to which all of the records are finally carried
LEGACY.—A gift of property by will.
LEGAL TENDER.—That kind of money which legally can be offered in payment of a debt.
LETTER OF CREDIT.—A letter, usually addressed to banking houses in foreign cities, authorizing the holder to receive credit for a stated amount.
LIABILITY.—Any debt owed by a person.
LICENSE.—A legal permit to do a certain thing.
LIEN.—A legal claim on any class of property to secure payment of a debt.
LIQUIDATE.—To pay or settle a claim.
LOAN.—To lend to another for temporary use. The article lent.

MAKER.—The signer of a note.
MANIFEST.—A list of the articles in a vessel's cargo.
MANUFACTURE.—The process of changing raw materials into forms suitable for use.
MARINE.—Pertaining to the ocean; hence, to navigation.
MATURITY.—The date when commercial paper becomes payable.
MERCHANDISE.—Wares, goods, commodities bought and sold in trade.
MERCANTILE AGENCY.—An agency established to collect and disseminate information relative to the financial standing of business men.
MERCANTILE PAPER.—Notes and drafts of business men.
MINT.—A place established by the government for the purpose of coining money.
MONETARY.—Pertaining to money.
MONEY.—Any coin or currency lawfully employed as a representative of value in buying and selling.
MONOPOLY.—The sole right to make or sell a certain article. The exclusive control of anything.
MORTGAGE.—The written pledge of real estate or chattels to secure payment of a debt.
MORTGAGEE.—One to whom a mortgage is given.
MORTGAGER, OR MORTGAGEOR.—One who gives the mortgage.

NEGOTIABLE.—A term applying to commercial paper, that may be transferred by endorsement, or simply by delivery.
NEGOTIATE.—To transact business, or treat with another.
NET.—Clear of all charges. The exact weight or amount after all deductions are counted out.
NET PROCEEDS.—The proceeds of a sale after all expenses are deducted.
NOTARY, OR NOTARY PUBLIC.—An officer who acknowledges deeds and other commercial papers; but whose chief business is to protest paper for non-acceptance and non-payment.
NOTE.—A written or printed promise to pay, without seal.

OPEN ACCOUNT.—An unsettled account with a person or a firm.
OPEN POLICY.—One intended to cover all goods shipped by a person within a specified time; each special shipment and the amounts of insurance to be indorsed upon the policy, as the shipments are made.
OPTION.—The privilege of taking or delivering, that is, buying or selling a certain amount of any specified property at a given price.
OUTLAWED.—A term applied to a debt which has run beyond the time when the law will enforce its payment.
OUTSTANDING.—Referring to debts or liabilities unpaid
OVERDRAW.—To draw a greater sum than one has to his credit.
OVERDUE.—A term referring to a note or other obligation that remains unpaid after it is due.
OWE.—To be indebted.

PAR.—Equal in value. Any paper is at par when it is worth its face value, without premium or discount.
PAROL.—Oral, not written. Also applied to written contracts not under seal.
PARTNER.—An associate in any business or occupation.
PARTNERSHIP.—The association together of two or more persons for the purpose of conducting any business.
PAR VALUE.—The nominal value; usually the printed or written value of any paper.
PASS-BOOK.—A book in which a trader enters articles bought on credit. It is usually carried by the purchaser, and is presented for record when the purchases are made.
PATENT.—An official document securing to a person for a term of years, the exclusive right to an invention.

PAWN.—A deposit or pledge, given as security for a loan. The term only applies to chattels or money, and not to real estate.

PAWNBROKER.—One who lends money on pawns or pledges.

PAY.—To discharge a debt or obligation. An equivalent for goods, salary, or wages.

PAYEE.—The one to whom payment is to be made; especially in whose favor a paper is drawn.

PAYER.—The one who pays, or is under obligations to pay.

PERSONAL PROPERTY.—All property except real estate; chattels.

PLAINTIFF.—One who brings a personal action in law against another party, who is called the defendant.

PLEDGE.—The delivery of personal property as security for a debt.

POLICY.—A written contract of insurance.

POLITIC.—Prudent, sagacious. In a broader sense, for the public good.

POSTING.—Transferring debits and credits to the ledger.

POWER OF ATTORNEY.—A written instrument giving an agent authority to act for his principal. An agent thus empowered is called an Attorney in Fact.

PREFERRED STOCK.—Stock taking preference over the ordinary stock of a corporation. A dividend is declared and paid on preferred stock before any can be declared on common stock.

PREMISES.—A term applied to any piece of real estate, or to a building and its appurtenances.

PREMIUM.—The amount paid for insurance. The excess of any value above par.

PRICE.—The value of an article. The amount paid or demanded for any commodity in trade.

PRICE CURRENT.—A table of the market values of various commodities.

PRIMA FACIE.—At first view. Prima facie evidence is that evidence which is sufficient unless rebutted.

PRINCIPAL.—The one employing an agent to act for him. The sum loaned upon which interest is computed.

PROMISSORY NOTE.—A written promise to pay a certain sum of money unconditionally, at a specified time.

PRO RATA.—A proportional distribution.

PROTECTIVE TARIFF.—Rates of duty fixed on certain imported commodities, for the protection of home manufacturers.

PROTEST.—A formal declaration made by a notary public, of the non-payment of a note, or non-acceptance and non-payment of a draft.

QUARANTINE.—Restraint of intercourse to which a ship, dwelling or town is subjected, on account of being infected with some contagious disease.

QUOTATIONS.—The published prices of merchandise, rates of freight, rates of exchange, etc.

RATE.—The price or value.

RATIFY.—To sanction or approve; usually applied to a principal's approval of an agent's transactions.

REAL ESTATE.—Land, and everything that legally passes with it in a conveyance or sale.

REBATE.—Deduction from the price. Discount.

RECEIPT.—A written acknowledgment of having received money or other property.

RECEIVER.—A person appointed to take charge of the affairs of a corporation on its dissolution, and to distribute its property according to law.

REFUND.—To repay or to pay back.

REMITTANCE.—The act of transmitting money values from one place to another. The value sent is called a remittance.

RENEWAL.—As applied to commercial paper, to give a new note or bill on which the time of payment is extended, for a paper now due.

RENT.—Money or goods given by a tenant to his landlord, to pay for the use of property.

RESPONSIBLE.—Liable. Having sufficient property to meet all ordinary obligations.

RESOURCES.—Money, property, or that which can be converted into property; as, claims against other people, either on written or verbal promises.

RETAIL.—To sell in small quantities.

REVENUE.—The income of individual or nation. As applied to a nation, its receipts into the treasury, derived from taxes, duties, customs, etc.

REVOCATION.—The recall of authority conferred on another; as, the revocation of an agency.

RIGHT OF WAY.—The right of an individual or corporation to pass over the land belonging to another person.

SALE.—The transfer of property from one person to another, for a price.

SALVAGE.—An allowance made by law to those who save a ship's cargo from a wreck or fire.

SAMPLE.—A specimen of any commodity.

SCHEDULE.—A paper containing a list or inventory of items.

SECURITY.—An evidence of debt; as, a government bond. A pledge given or something deposited to make good a contract. A person who becomes surety for another.

SET-OFF.—A counter claim. A claim which the debtor or defendant brings to reduce the claim of a creditor or plaintiff.

SETTLE.—To adjust or close up an account.

SHAREHOLDER.—The same as stockholder.

SHIPMENT.—Merchandise shipped. The act of transporting merchandise.

SHIPPER.—One who leaves merchandise with another for transportation.

SIGHT.—The time of presenting a draft or bill to the drawee.

SIGHT DRAFT.—A draft made payable at sight.

SIGNATURE.—The name of a person written with his own hand.

SILENT PARTNER.—A partner investing in the business, but not publicly named in the firm.

SINKING FUND.—A fund set aside for sinking or paying the debts of the government, or of a corporation.

SOLVENT.—Being able to pay one's liabilities.

STAPLES.—Articles commonly used; as, staple dry goods and groceries.

STATEMENT.—A list of resources and liabilities. A report of an agent's transactions sent to his principal. An itemized list of the debits and credits of any personal account; as, monthly statements sent by wholesale dealers to their customers.

STATISTICS.—A collection of facts pertaining to any one subject.

STATUTE.—A law enacted by a legislature.

STIPULATION.—A contract or an agreement.

STOCK EXCHANGE.—A place where bankers and brokers meet to buy and sell stocks, bonds, etc.

STOCKHOLDER.—One who owns shares of the capital stock of a corporation.

STOCK.—Shares in the stock of any corporation; also, railroad or government securities.

SUB-AGENT.—An agent appointed by an agent.

SUE.—To bring an action against one in law.

SURETY.—A person who has made himself responsible for the contract of another.

SUSPEND.—To stop payment.

SYNDICATE.—A number of capitalists who unite together to dispose of a large loan, or to conduct some great financial enterprise.

TACIT.—That which is understood or implied.

TARE.—An allowance made for the weight of boxes, barrels, or wrappings of merchandise. The remainder after deducting the tare is called net weight.

TARIFF.—A list of prices; as, a freight tariff. A list of duties or customs on imports or exports.
TELLER.—One who receives or counts. A bank officer who receives or pays out money.
TENDER.—The offer of payment or satisfaction of a demand, usually the offer of legal money, called a legal tender, for the payment of a debt.
TENEMENT.—Any real estate leased to a tenant. Applied especially to houses built for rent.
TESTATOR.—A person who has made a will.
TICKLER.—A book containing a memorandum of notes and debts, arranged in the order of their maturity.
TIME DRAFT.—A draft made payable at a specified time; usually a certain period after date, or after sight.
TRADE DISCOUNT.—A discount from certain list prices, or from the amount of purchases, made to a dealer on account of a change in the prices, or on account of cash payments.
TRADE MARK.—A device placed upon manufactured goods to distinguish them from imitations.
TRANSFER.—A conveyance of property.
TRUST.—The holding of property by one for the benefit of another. To give credit to one.
TRUSTEE.—A person to whom property is legally entrusted.

ULTIMO.—The last month preceding the present; as, on the twentieth ultimo, meaning the twentieth of last month.

UNCURRENT.—A term applied to money that does not pass in common payment. Foreign coins are uncurrent in the United States.
UNDERWITERS.—Companies who insure against loss.
USUANCE.—The time usually allowed in a particular country or city, for the payment of a bill of exchange.
USURY.—Interest in excess of the highest rate allowed by law.

VALID.—A term applied to a contract that is properly executed; that is, legal or binding.
VOID.—Having no legal or binding force.
VOIDABLE.—Capable of being avoided or confirmed, as the party chooses.
VOUCHER.—A document or paper proving that some transaction occurred; as, a receipt or a cancelled note is a voucher for the payment of money.

WARRANT.—To insure against defects. Authority given to an officer to arrest a person. A writing authorizing the holder to receive money.
WARRANTY.—An agreement to become responsible, if certain facts do not turn out as represented.
WAY-BILL.—A paper containing a list and description of goods sent by railroad.
WHOLESALE.—To sell goods in quantity; usually, in unbroken or whole packages.

ABBREVIATIONS.

A 1—First Quality	Cr.—Creditor	i. e.—(*id est*) That is	P. O.—Post Office
@—At	Cts.—Cents	In.—Inches	Pr.—Pair
Acct.—Account	Cs.—Cases	Ins.—Insurance	Prem.—Premium
Adv.—Adventure	Cwt.—Hundred Weight	Inst.—(*Instant*) Present Month	Prox.—(*Proximo*) Next Month
Agt.—Agent		Int.—Interest	Pc.—Piece
Amt.—Amount	D. B.—Day Book	Inv.—Invoice	Ps.—Pieces
Ans.—Answer	Dec.—December	Invt.—Inventory	Pt.—Pint
Apr.—April	Dep.—Deposit		
Art.—Article	Dft.—Draft	Jan.—January	Qr.—Quarter
Asstd.—Assorted	Dis.—Discount	J.—Journal	Qt.—Quart
Aug.—August	Do.—(Ditto) The Same	J. F.—Journal Folio	
Bal.—Balance	Doz.—Dozen		Recd.—Received
Bbl. or Brl.—Barrel	Dr.—Debtor	lb.—Pound or Pounds	R. R.—Rail Road
B. B.—Bill Book	Ds.—Days	L. F.—Ledger Folio	
Bdls.—Bundles			S. B.—Sales Book
Bds.—Boards	Ea.—Each	M.—Thousand	Sec.—Secretary
Bgs.—Bags	E. E.—Errors Excepted	Mar.—March	Sept.—September
Bk.—Bank	Embd.—Embroidered	Mdse.—Merchandise	Shipt.—Shipment
Blk.—Black	Eng.—English	Mem.—Memorandum	St.—Street
Bls.—Bales	Ex.—Example	Messrs.—Gentlemen or Sirs	Sunds.—Sundries
Bot.—Bought	Exch.—Exchange	Mftg.—Manufacturing	Super—Superfine
B. Pay.—Bills Payable	Exp.—Expense	Mo.—Month	
B. Rec.—Bills Receivable		Mr.—Mister	T.—Ton
Bro.—Brown	Fav.—Favor	Mrs.—Mistress	Trans.—{Transportation / Transaction
Brot.—Brought	Feb.—February		
Bu.—Bushel	Figd.—Figured	Nat.—National	Ult.—(*Ultimo*) Last Month
	F. or Fol.—Folio	N. B.—Take Notice	
C—Hundred	Ford.—Forward	No.—Number	Via.—By way of
Cap.—Capital	Frt.—Freight	Nov.—November	Viz.—Namely
C. B.—Cash Book	Ft.—Foot or Feet		Vs.—(*versus*) Against
Chgd.—Charged		Oct.—October	
Ck.—Check	Gal.—Gallon	oz.—Ounce	W. B.—Way Bill
Co.—{County / Company}	Gdn.—Guardian		Wk.—Week
C. O. D.—Collect on Delivery	Gro.—Gross	P.—Page	Wt.—Weight
Col.—Collection		Payt.—Payment	
Com.—Commission	Hdkf.—Handkerchief	Pd.—Paid	Yds.—Yards
Const.—Consignment	Hhd.—Hogshead	Per.—By	Yr.—Year
	Hund.—Hundred	Pkg.—Package	
	I. B.—Invoice Book		

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1. – Amt of J., C.B., J.B., P.B., in ledger first
2 – Page
3 – date
4 – Page of Ledger from above B.

Controlling Acct is acct. Recd in Gen Ledger.

Do work systematically
Be certain of accuracy of each computation + each entry
Foot each column + other books in J. before beginning new P.
If error is discovered correct it at once, change footing at once
Never seek aid of another student
Take time to do good work.
Form methods to check your work or work of others if working with you
Difference in transposition = 9